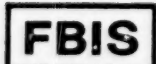


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1 OCTOBER 1986

West Europe Report



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1 OCTOBER 1986

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POLITICAL

BELGIUM

DEHAENE ON BUDGETARY, COMMUNITY ISSUES, BRUSSELS

Brussels LE SOIR in French 8 Aug 86 p 2

[Interview with Jean-Luc Dehaene, minister of social welfare and institutional reform, by Beatrice Delvaux and Guy Duplat: "Dehaene: Community Policy Can No Longer be Pushed Aside"]

[Text] Without political stability, the budget is what will go first.

There are fewer alternatives than before. In any case, no one in the CVP is available!

We have begun a change in society, particularly in the organization of labor.

I am the most sensitive to the reactions of the CSC. But to obtain the agreement of a trade union was unthinkable!

Our operation will go together with a loss of jobs. The private sector must fill the gap and create some.

The FGTV will raise the stakes, because it is more involved in politicking than in social partnership.

If there is a large increase in unemployment at the beginning of 1987, the Val-Duchesse plan would be in ruins.

Our community policy must be prepared calmly.

With Happart, one has no or virtually no room to maneuver.

[Question] Has the government finally reached the end of its difficulties, weathering its tensions and crises?

[Answer] Crises? Tensions? I felt nothing of all that in the government. There was not a single minister who, considering the special powers, doubted for an instant that we would realize our recovery plan and carry it out on schedule. Especially since these ministers have been in office for 5 years and are beginning to understand the procedures.

[Question] All the same, it took you longer than expected?

[Answer] It was impossible for the government to do an uninterrupted job while going to parliament at the same time. That is not a reproach, simply an observation. The priority was to carry out the parliamentary program within the time limits. Not to have voted in parliament would have been a political catastrophe.

[Question] Are you satisfied now with the work accomplished?

[Answer] We cannot underestimate what has been done. And, even if we took longer than some estimated on 13 October, everything was carried out before the vacation: politically, that is an important fact. However, what was done has meaning now only if there is the determination to continue with the work to the end. And to do that, a minimum of political stability until the end of this legislative period is necessary. If this stability is lacking, the budget is what will go first; it is the first thing that people abandon.

CVP Loyal to the Majority

[Question] Was the recovery program the only possible policy?

[Answer] All the debate in parliament and in public convinced no one. There are fewer alternatives than before, whether economic or political. Even if some are dreaming of a change--although I do not see who in the majority would have that dream--they will find no one available in the CVP for that alternative. An alternative which, moreover, would depend on elections, the last thing that attracts us at the moment. For purely political reasons, our entire interest lies in continuity. Because some measures are unpopular. But, without having a budgetary obsession or passion, I am aware that if the job had not been done now, there was a danger of mortgaging the future and, I might even add, employment.

[Question] Did you never hesitate in your approach in view of popular reaction?

Those who took part in the debate in the government were almost physically confronted with all the contradictions and vested interests on which Belgian society is built. Our country consists of community and ideological pacts, of debudgetization to the nth degree; it is the kingdom of pressure groups. We wanted to sidestep all that, realizing at the same time that we had to remain moderate because, if we demolished everything, there would be nothing left. I felt that we should negotiate a real change in society. We have one foot in the old and one foot in the new.

[Question] A change in society? Do you have any examples?

[Answer] When it comes to freeing up work time. What will be retained from this government will be the switch in economic policy, and also the adaptation of the legislative framework to a new organization of labor. The impact will be felt only 5 or 6 years from now. It is the basis for the selected time revolution. In education, and also in hospitals and semipublic institutions, we have tried to make people more responsible for the management of their institution by envelope systems. If there have been some setbacks, it should

be noted that we have reformed the legislation on hospitals and disability from top to bottom, and have given legal status to career interruptions. That is not negligible. The government communiques are distinct trees; one must not forget the forest.

[Question] Does the Val-Duchesse plan reflect the political balance of power?

[Answer] Personally, I think it does. There was a basic balance in the plan as it was worked out at Val-Duchesse. When everyone got together on it, the balancing elements were refined and improved upon. I have never belonged to that group of people who believe that multipartisan agreements are proof of weakness; it is part of the decision-making process in a democracy. It is not because 10 ministers have decided that that is the way it is that it should be that way. I am thoroughly convinced that if there is not a minimum of collaboration among the affected sectors, we are headed straight for disaster. This multipartisan collaboration will be continued in order to convince the people concerned.

The Trade Union Thorn

[Question] You even want to convince the CSC?

[Answer] Obviously I am the most sensitive to the reactions of the CSC, but I am also aware that to realize a plan of this scope and obtain the agreement of a trade union was unthinkable! The trade union has a different role. As a government official, one must have the courage to live with this tension while at the same time targeting medium-term goals. For example, the debt; in 4 years, those who will be the trade union leaders would have reproached us for not having made the necessary decisions. We must have the courage to square our shoulders and plan for the long haul, while waiting for the facts to justify us in the end. The trade union, because of the internal pressures it must undergo, is too anxious for short-term results.

[Question] What do you think of Sunday's public debt operation?

[Answer] There are technical advantages that prevent putting off the problem 10 or 20 years. Furthermore, the effort is a sufficiently major one for it to have a real influence on the recovery of public finances. The easing and recovery together can break the snowball effect. And finally, the banks have made a real effort, contrary to what was believed at the beginning. Eyskens told us at first that it would not be possible without a few plums for this sector.

[Question] What is necessary for Val-Duchesse to succeed?

[Answer] A political balance has already been achieved. The agreement is technically complete. There remains the economic context. I think that it is now as favorable as it could possibly be. It is now or never, because our operation will be accompanied with a loss of jobs. But in this area, considering the counterweight of oil prices, and the improvement in its competitiveness, the private sector must take over from the state and create jobs. Everything depends on this result.

[Question] Why were measures promoting employment not taken anyway?

[Answer] In addition to Val-Duchesse, we had conversations with our business partners, who almost begged us to leave this feature untouched for the time being, and even not to say what we would do in employment in the event of the failure of labor negotiations. Hence the reproaches directed at us: you are destroying jobs without creating new ones. We took the risk of keeping silent voluntarily. We were masochistic about it, because we knew that if a labor agreement was worked out, it would be an enormous success factor for the government. But I am afraid that, precisely because that would be useful to us, there will be no agreement. The FGTB is more involved in politicking than in social partnership. And even if there is a chance of an agreement, it will raise the stakes because the agreement could benefit the government. I hope that I am wrong and that each person will fulfil their responsibilities, but I have some fears.

[Question] And what if there is no agreement by 15 September?

[Answer] The government will step in, but it will be more difficult because the government must respect the rules, and is less flexible than are the business partners among themselves. It will be essential that the government come up with a plan for employment, and convince employers of the necessity of taking part in the game. For if, by misfortune, there were a substantial increase in unemployment at the end of 1986/beginning of 1987, I know one thing: the recovery plan would be in ruins. Because when you say unemployment, you are saying that the government must increase spending and is obliged to extend its employment programs.

Employment: Silence!

[Question] What will be the content of this employment plan?

[Answer] I promised to keep silent about it until 15 September; in May we had already put ourselves in a masochistic position to leave the way clear; I am not going to ruin everything now.

[Question] And the community problem, do you prefer to forget that?

[Answer] No, we have to tackle it rather than letting it deteriorate. Even though to this point there was justification for going all out for the recovery, it is just as mistaken to say: "Apart from that, there are no problems." It is blind not to see that a certain number of shelved problems will have to be dealt with sooner or later. Preparations have to be made calmly instead of waiting for an explosion.

[Question] Do you have miracle solutions?

[Answer] During the preceding term we created a study center for institutional reform which worked well, even if, alas, the opposition refused to participate. I think that that sort of center could be put back on track, but in the parliament this time, as the opposition suggests, yet still bringing in experts so as not to fall back into political maneuvering. This center will have

the task of preparing the revision of the constitution, including the transfer of responsibility for education to the communities. On this last point, the PSC and CVP above all must work to see that they play in unison.

[Question] What about the financing of the regions and communities?

[Answer] That is the second community problem that we must have the courage to present. First of all, because at Val-Duchesse we asked for the participation of the regions and communities in the austerity effort, and because we have not yet found the means of doing so. Secondly, because the enormous abscess of state housing debts weighs more heavily than the financial weight of the national sectors. Finally, because one cannot brush away Flemish Executive President Geens's suggestion with a sweep of the hand. He has proposed revising the system of income tax rebates. All current rebates would be abolished but in exchange for that, the regions would administer part of the tax on individuals. They would thus have their sort of additional revenue. Such a solution would have a twofold advantage: it would make the regions and communities more responsible, and would settle once for all the debate concerning the keys to partition.

Brussels, My City

[Question] What about Brussels, since you live in that area?

[Answer] There are a number of possibilities. Among Flemish and French speakers in Brussels, there is a climate which makes it possible to resolve a certain number of problems. When I insisted on participating in the executive of the Brussels community as an official of the two communities, it was because I am from the district and am close to the Flemish people of Brussels. And my position is a better one, despite all the good will of my friend Daniel Coens, who was not in the area.

[Question] Is it financial means that are most necessary in Brussels?

[Answer] I am convinced that additional means must be made available to Brussels. Already at the Stuyvenberg, Neyts, de Donnea and I have argued that Brussels should receive its share of inheritance dues.

[Question] But with a reorganization plan?

[Answer] Yes, because as much as we are convinced that there should be more financial means in Brussels, no one wants these funds to be lost in an abyss such as Cockerill-Sambre or in the mines. In this regard, the plan presented by de Donnea makes me think that more than anything, people are trying to present a piece of paper to obtain money. We need a serious recovery plan which does not touch materials that may be regarded as personal or belonging to the communities, but which is persuasive and specific.

[Question] With the merging of communes?

[Answer] You know that I defend this idea, but I am realistic enough to know that it would be impossible before the 1988 communal elections. However, one

can merge jurisdictions by creating, for example, a pararegional board for water. Residence problems should also be settled by preventing anyone from continuing to disregard the law to the detriment of the Flemish, and thus permitting a vote on residence at the next communal elections.

[Question] Do you also now want guarantees for the Flemish of Brussels?

[Answer] This is not the time for the definitive negotiations concerning Brussels, but I believe that it is now possible to make allowance for guarantees for the Flemish in this plan. For example, as coming under the pararegional committee, or the settlement of the residence problem.

Happart?

[Question] What about the RTT, the national sectors, and the Limbourg mines?

[Answer] The problem with the RTT's century contract is likely to be more readily resolved with the latest agreements which have taken place these last few weeks in the telecommunications sector. The National Defense orders will also be made. The national sectors, for their part, will reemerge in all their splendor, some of them reaching the limits of their budgets. A manager for the KS was found just in time. In the national sectors, there is nothing worse than when the government has to act as board of directors. With Cockerill, it did not work out very well for us, and the situation was taken care of only when someone else had the job.

[Question] What about Happart?

[Answer] The other problems, Brussels, the national sectors...we understand them in all their aspects, know how to tackle them, and can deal with them by preparing for them. The Happart problem is different: it is not under control, we don't know when it will break out, and the margin for maneuver is virtually nil. It will be a black or white situation. However, it is not with the Happart case that one will find an alternative majority; I am quite sure on that point.

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POLITICAL

BELGIUM

PERSONAL INFORMATION ON DEHAENE GIVEN

Brussels LE SOIR in French 8 Aug 86 p 2

[Article: "We Already Have the High Speed Train"]

[Text] Jean-Luc Dehaene is not a chatterbox. "This is the third interview I have given," he told us right off. He is not a polemicist either. "I couldn't care less what people say about me at the moment. When I read the book about Gaston Eyskens, I understood that it was better to wait until the end of one's life to make a synthesis of the comments." His religion is action, going all out, realism. There is no evasion: he grappled with social security, a monster in the Belgian style, and now that it has balanced out, he has taken a position in another area, in another quagmire: the community question because, as a CVP man, he is also a resident of Brussels, and is certainly counting on the harmonious relations in the majority to do a bit of housecleaning, indeed even a major cleanup.

He is a member of the new political generation, the generation of figures and the direct approach which follows in the way opened up by Wilfried Martens, its leader. A gifted student, he nevertheless has not tried to dethrone his master, at least to this point. Although some saw him as vice prime minister, and even future prime minister, so great was his influence in the government at certain times, he has taken a back seat without complaint. And his colleagues recognize that his complete support of the prime minister at Val-Duchesse was of infinite value to the latter. It remains to be seen whether he will agree to remain out of the game much longer. His attraction to the game of politics and its tactics, which he reveals in his amusement on considering his partners' maneuvers in the community area, speaks volumes of his lucidity and his capacity to want to join the game when the right time comes.

This locomotive at the head not of a meandering local run but rather of a high speed line makes no attempt at subtlety. Precautions are really not his thing, any more than are attempts to charm or attract. Crusty, obstinate, sure of himself, and indefatigable, one has to be strong to wrest concessions--or a smile--from him.

9824

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POLITICAL

DENMARK

GREENS EMBOLDENED BY LOCAL POLLS, HOPE TO ENTER FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 25 Aug 86 p 4

[Article by Morten Larsen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Greens feel that frequent elections are a good thing. They activate the voters. The party also agreed at its representative assembly to support a universal wage to compensate people for social contributions.

After their success in the municipal elections and encouraging opinion poll results the Greens are now aiming at getting into Folketing. Here the party will not allow itself to be used for bloc policy purposes or to be frightened by election threats.

The feeling among the 100 people who attended the national congress in Ringe, Fyn, over the weekend was that frequent elections are a good thing. They activate the voters and it is a basic viewpoint of the Greens that Danes should not be ruled from above. The development of society should grow from the bottom up.

This viewpoint is reflected in the party's organization. The Greens have no chairman and no executive committee and all major decisions are referred to a representative council whose members are selected by local associations before each meeting.

It is also the representatives who map out the party's political course on the basis of inspiration from the discussions at the national congress, which is open to all members but does not make any decisions.

The party representatives still have to reach agreement on important aspects of the policy that will indicate the means for achieving the goal of the Greens--turning Denmark into a society of open and creative people who live in harmony with nature instead of exploiting it.

A major cornerstone in the party's policy is the elimination of social legislation that requires a lot of administration and the introduction of universal wages that are large enough so that people can live modestly on the amount provided.

This is intended to give everybody a chance to choose freely whether they want to have a job in the traditional sense of the word or whether they would rather use their time for other purposes.

This could be getting an education, working in the arts or performing tasks that are beneficial to the community but are not performed today because they do not pay when measured by the yardstick of a market economy.

The Greens agree on the philosophy underlying the idea of universal wages, but the discussion at the national congress showed that the party has some way to go before it can establish how large the payment should be, how to provide the funds and in what way and how quickly the idea should be introduced.

On this as on other questions the Greens are divided into Utopians, who want to reach the goal at once, and realists, who think compromises are necessary and that small steps along the way are also justified.

6578

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POLITICAL

DENMARK

DEBATE CONTINUES ON POSSIBILITY OF LEFTIST COALITION

Many SDP Leaders Oppose

Copenhagen INFORMATION in Danish 12 Aug 86 p 10

[Editorial: "Red Balloon"]

[Text] The air had scarcely gone out of the summer's big political trial balloon--a Social Democratic-Socialist People's Party [SF] government--when prominent Social Democrats artificially inflated the shrunken object in connection with the SDP summer meetings on Sunday. At the Trade Union Federation [LO] school Svend Auken said that the country could have a new government if the Social Democrats and SF win a majority in a future Folke-ting election. Auken said it is impossible to wrest Niels Helveg Petersen and the Radical Liberals out of Poul Schluter's embrace. On the same day Auken denied in an interview in POLITIKEN that there is any disagreement among leading Social Democrats concerning an SDP-SF cooperation. "We agree on an SDP-SF government," he said.

However this viewpoint was clearly contradicted on Monday when former Housing Minister Erling Olsen told BERLINGSKE TIDENDE that the Social Democratic program, "Denmark For All the People," could not be reconciled with bloc policy and that an SDP-SF government coalition was not necessarily a logical development.

Erling Olsen seems to be in agreement with Mogens Camre and Mogens Lykketoft, both of whom have indicated their opposition to an SDP-SF bloc policy.

Apparently Anker Jorgensen was trying to bridge the gap between opposing views in the party when he said at the SDP summer meeting in Hindsø that he was prepared for a future government cooperation with SF, while at the same time stressing that an SDP-SF government must cooperate across the middle and not exclude sensible ideas from the nonsocialist side.

But Jorgensen's viewpoint does not make much sense. It is quite inconceivable that the Radical Liberals or any of the smaller nonsocialist parties would be prepared to provide a "red cabinet" with any kind of broader parliamentary legitimacy. On the contrary. The very formation of an SDP-SF government would inevitably signal the pursuit of bloc policy.

Of course it is tempting to view the mutually contradictory attitudes toward an SDP-SF government as an expression of support for various economic and political strategies. When Olsen, Camre and Lykketoft warn so strongly against bloc policy and point to the necessity for cooperation across the middle it can be taken as an indication of support for an austere economic policy where there is little leeway for political reforms and distribution policy adjustments. When Auken, on the other hand, talks about an SDP-SF government as the only possibility, it can be explained as a desire to pursue a policy that more clearly distinguishes itself from Schluter's.

But there are several reasons why a simplified analysis should be avoided. In other contexts--for example in the security policy debate--Auken has stood out as a clear advocate of consensus with nonsocialist Denmark. And all in all none of the leading Social Democrats has spoken out with such clarity that it is possible to discern a unified picture.

Is the talk about an SDP-SF government anything but a grandstand play? Which statements are motivated by political tactics and simply intended to guarantee the Social Democrats the best possible election results and the maximum room for maneuvering after an election? Does Anker Jorgensen really want an SDP-SF government, as he says? Or is he just talking about the idea because he feels he has to in order not to lose too many voters to SF? Does Svend Auken want an SDP-SF government or is he just talking about it because he wants to nail SF down to some responsibility and pull the party out of its hammock?

At the deepest level few prominent Social Democrats in Christiansborg believe that an SDP-SF government will become a reality. They feel it is most likely that there will be a Social Democratic minority government if the present opinion polls prove accurate. Even so there is a lot of talk about an SDP-SF coalition.

Actually it is unreasonable to expect a big middle party to commit itself in advance to a specific cooperation after an election. Much will depend on the election results and the preceding campaign. But the main reason why there is such an urgent need to clearly outline the Social Democratic Party's government strategy at this time is uncertainty about the party's leadership shift. If the party had a leadership with strong authority that enjoyed the confidence of the voters, the formation of a government could be left to the party leaders. But the Social Democrats do not have that kind of leadership.

In practice Anker Jorgensen has long abdicated from Danish politics even though he still clings to the hope of one last election victory before he retires. Svend Auken would dearly love to be a real candidate for prime minister, but he cannot show his true colors as long as he is still not positive he will be selected to succeed Jorgensen. Too many of the political statements made by Social Democratic leaders are colored by the party's leadership crisis. That could lead to the defeat of the Social Democratic Party in the next election--in spite of the favorable political conditions.

Union Leaders Also Divided

Copenhagen BERLINGSKE TIDENDE in Danish 25 Aug 86 p 7

[Article by 'Linnea']

[Text] An SDP-SF government will not become a reality unless the Social Democrats are strengthened in a future election. So said Svend Auken, vice chairman of the Social Democratic Party, at the congress of the Danish Electrical Workers Union yesterday. That put him in line with LO chairman Knud Christensen, while the chairmen of the Electrical Workers Union and the Danish Postal Workers Union, Freddy Andersen and Aage Andersen, view the coalition government as the only thing that could offset the present government.

"If the Social Democrats are strengthened in a future election, the possibility should be tried out. A cooperation agreement will show if SF can take on government responsibility. I think they can now, with no parties on the left wing nipping at their heels," Knud Christensen said.

Freddy Andersen of the Electrical Workers Union distinguished himself with the statement that he would rather negotiate with the devil himself than with the present government, which must be overturned no matter what, while Aage Andersen felt it would be unwise of the Social Democrats to exclude SF.

Svend Auken does not think a change in government is just around the corner. He referred to the Gallup figures, which are bleak as far as the Social Democrats are concerned. And he recommended that the debate on an SDP-SF government be suspended.

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POLITICAL

FINLAND

VEIKKO VENNAMO TRIUMPHS OVER FATHER AT RURAL PARTY CONGRESS

Government Agricultural Policy Attacked

Helsinki HELSINGIN SANOMAT in Finnish 11 Aug 86 p 11

[Article by Martti Backman: "Kortesalmi Reminded Rural Party of Veikko Vennamo's Testament: 'Government's Proposals Must Be Improved in Parliamentary Group'"]

[Text] Jyvaskyla--On Sunday J. Juhani Kortesalmi, chairman of the parliamentary group, cast a shadow on the unanimity achieved by the SMP [Finnish Rural Party] on its new moderate government policy line. Kortesalmi reminded the party rank and file of the old Vennamoite tradition according to which the government's proposals must be improved in parliament.

Kortesalmi called the principle "normal parliamentarianism".

"This view must be considered as a kind of political testament from Veikko Vennamo to our parliamentary group and to the whole party," declared Kortesalmi. Kortesalmi did not directly state whether the SMP's group under his direction will continue along this line, which led the party to its recent chairmanship crisis.

Kortesalmi was elected to the leadership of the parliamentary group after Veikko Vennamo resigned from this position. Kortesalmi's speech was the only note of discord at the SMP's congress. The SMP's ministers and MP's received only praise and appreciation for their work from the forgotten rank and file at Sunday's general political debate.

Veikko Vennamo Stayed Away

The atmosphere of great harmony was overshadowed only by the fact that nothing was heard from the party's founder and honorary chairman Veikko Vennamo. The SMP's rank and file waited until the very end for their hero to come to the congress, but the insulted Veikko Vennamo did not even send a message of greetings to the congress. In nearly all the speeches it was emphasized to the party leadership that such conflicts which resulted in Chairman Pekka Vennamo's threat to resign should be avoided in the future. It was also

emphasized that the party's ministers and parliamentary group should strive for smoother cooperation in the future.

In a policy report Kortessalmi fiercely attacked the government's agricultural policy. He placed the responsibility for the policy of killing the small farmer on the Center Party. "The SMP remains alone to support the small farmer and the family farm, and Center Party Chairman Paavo Vayrynen either plays hooky from his government post or sits silently without saying a word," accused Kortessalmi.

Kortessalmi Demanded Ylajarvi's Resignation

Kortessalmi was especially bitter toward Agriculture Minister Toivo Ylajarvi. He demanded that Ylajarvi resign immediately. On the last day the congress approved 24 resolutions and a separate platform on various partial areas of policy. The SMP emphasizes social policy in its budget objectives. According to the party's assessment, the yet unaccomplished points of the government program primarily relate to improving the position of families with children, pensioners, and war veterans as well as improving the employment situation.

The SMP is proposing, among other things, a reduction of the marginal rate of tax for families with children at a rate perceptibly faster than the rate of inflation as well as an extension of the child subsidy payment period to 18 years of age.

The party is also aiming at legislation regarding minimum income security. At the same time a clarification should be made of incorporating the various forms of social support into a so-called national wage.

The SMP is aiming at 3,000 markkaa per month as the basic income security for pensioners. The party wants to increase the subsidy for frontline veterans by 500 markkaa per month.

In employment policy the SMP is striving for a gradual reduction of the work week and an expansion of the concept of labor. Home care for the elderly, disabled, and children should be equated with paid labor in the opinion of the party.

The general assessment among those attending the congress was that Chairman Pekka Vennamo's resignation threat and its withdrawal at the congress cleared up the situation significantly. The party believes that it will manage at least until the parliamentary elections without any major difficulties.

More than 600 official delegates participated in the SMP's 2-day congress. In addition to them, a couple thousand active members of the party came to observe the proceedings.

Paper Comments on Veikko Victory

Helsinki HELSINGIN SANOMAT in Finnish 12 Aug 86 p 2

[Editorial: "Pekka Vennamo Once Again Has a Visitation Time"]

Chairman Pekka Vennamo's resignation threat and its withdrawal by unanimous demand of the rank and file gave the SMP congress the feeling of a skillfully executed summer theater. In spite of the fortunate outcome, it was not a question of a mere comedy. The basic plot was in reality very serious: a struggle for the SMP's policy line.

Pekka Vennamo has been in the leadership of the Finnish Rural Party since 1979. In spite of this, the SMP has for the most part remained Veikko Vennamo's party until this last congress. The son's problem was not so much one of remaining in the background and in the shadow of his father, but much worse: he ended up opposing his father politically.

In the leadership of the parliamentary group Veikko Vennamo frequently opposed that policy which Pekka Vennamo agreed to promote in the government. Over the long term this could not help but seriously shake the SMP's political credibility, which has even otherwise been found to be questionable. The party was threatened by its expulsion from the government, which did not at all correspond with the goals set forth by Pekka Vennamo.

Support for the SMP is in a serious slump according to the polls. Even though the party has been accused of a deliberate simultaneous participation in government as well as in opposition, its policy does not seem even to have picked up any loose points. On the contrary, the conflict between the party leadership and the parliamentary group has been generally understood as a symptom of a growing internal crisis, which could become costly in next spring's parliamentary elections.

With his highly visible resignation threat timed before the party congress Pekka Vennamo wanted without a doubt to place his father and all the party rank and file against the wall: previous practice and the occupation of two chairs cannot continue. The personal risk was not the greatest since in this situation the party was completely unprepared for a change of chairmen 6 months before the parliamentary elections.

The proceedings of the congress for the first time without the presence of Veikko Vennamo make it justifiable to talk about a new milestone in the development of the SMP. Pekka Vennamo wants to give the party a new image: say good-bye to the populist policy of protest and consolidate the SMP's position as an overall bourgeois party, which comes out on behalf of various neglected segments of the population and which is striving to work within the government rather than from a position of opposition.

The party congress seemed to give its complete support to this change of policy.. This may seem strange, and what is the most obvious is the optical illusion created in the question. The main thing for those attending the congress

and alarmed by the threat of resignation was to prevent a chairmanship crisis. It is doubtful that they comprehended what the change of direction in reality entails.

Talking about a new SMP may be premature. It will become known in parliament in the fall whether the parliamentary group will fall in line with the party leadership's government policy. Can Veikko Vennamo bear to leave the party he created in the hands of the younger generation?

How the rejection of the old Vennamo and the SMP's possibly more relevant policy will influence the SMP's traditional constituency and appeal to new voters will not be seen until next spring's elections. The prospects do not appear to be very promising. Pekka Vennamo must still prove whether his wings will carry the burden alone after the parliamentary elections.

Veikko Attacks Party Enemies

Helsinki HELSINGIN SANOMAT in Finnish 13 Aug 86 pp 3, 12

[Article: "V. Vennamo: Evil Spirits in the Finnish Rural Party"]

[Text] Veikko Vennamo, the founder and honorary chairman of the Finnish Rural Party, sees evil spirits in the SMP's headquarters. The worst demons are Party Secretary Aaro Niiranen and MP Mikko Vainio, whom Vennamo calls political clowns prowling after their own interests. The honest and inexperienced Pekka Vennamo has become ensnared by them, argues the senior Vennamo.

On the other hand, Veikko Vennamo gives his support to Minister Urpo Leppanen.

Pekka Vennamo, for his part, disputes the public assessments that his intent has been to displace Veikko Vennamo from the party's places of influence.

Honorary Chairman Veikko Vennamo of the Finnish Rural Party violently attacks the recently unanimously elected leadership of the SMP. Party Secretary Aaro Niiranen and Vice Chairman Mikko Vainio of the SMP's Parliamentary Group are subjected to the worst verbal beating.

Veikko Vennamo discloses his bitterness in an interview conducted by himself in Tuesday's ILTA-SANOMAT, in which the questions as well as the answers are of his own making.

The senior Vennamo does not directly accuse his son, the party chairman, of anything, but since Niiranen and Vainio are Pekka Vennamo's principle supporters, the attack is also indirectly directed at the party chairman.

Mikko Vainio Is Worst Demon

Veikko Vennamo's explanation is that the honest and inexperienced Pekka Vennamo has come under the power of evil forces. "The worst of them has been the political clown, Mikko Vainio, who is protecting his own interests and who has continually been Pekka Vennamo's evil spirit," writes V. Vennamo.

The ability and maturity to manage affairs has also been lacking from the evil forces in party headquarters according to the honorary chairman. The consequence has been confusion. Party Secretary Aaro Niiranen bears the most responsibility for this in the opinion of V. Vennamo.

"I do not believe that voters in the province of Kuopio will make the mistake of voting Niiranen into parliament from there. The man is already known." This is the testament Veikko Vennamo leaves behind to the Kuopio Election District in the next parliamentary elections.

V. Vennamo cites an example of the conduct of the evil forces:

"A few days before the SMP congress in Jyväskylä Niiranen along with Vice-Chairman Lea Makipaa presented a written request to me to use my prestige to discourage Urpo Leppanen since he is supposedly aspiring to the party leadership by means of large amounts of bribe money."

Niiranen did not want to comment on Veikko Vennamo's accusation any more than did Makipaa. "I am very surprised," is all that Niiranen would consent to say about the meeting of party secretaries from Nordic countries in Mariehamn.

Urpo Leppanen recently prevented the election of Mikko Vainio to the leadership of the SMP's parliamentary group by making it understood that Vainio would encounter exceptionally great difficulties from Veikko Vennamo's quarter. Later Leppanen acknowledged that he had been bluffing; he did not have the authority to speak for Veikko Vennamo.

In the article in ILTA-SANOMAT Veikko Vennamo, however, gives his support to Urpo Leppanen. "The tactics of the evil forces have been clear. First to push the father aside by means of pressure on the son and then to push an exhausted and disgusted son out the door. After this only Leppanen will be left."

Veikko Vennamo makes it understood that the struggle for the SMP's policy line will continue: "My right and obligation as a member of the SMP is now namely to attempt to save the SMP, which is my life's work. It is in part a question of the fate of the whole country."

On Tuesday Pekka Vennamo also wrote in TURUN SANOMAT in the same column in which 3 weeks before he announced that he would resign from the leadership of the SMP.

P. Vennamo deliberates why he and the party congress could after a 3-week interval come to a completely opposite conclusion on the same situation.

One reason in his opinion was that the SMP's rank and file did not even have the slightest desire to enter into a debate on a successor to Pekka Vennamo as chairman.

"I could not imagine a more unfortunate situation for a living and active party than a situation in which its chairman or some other person in a position of responsibility is felt to indispensable," writes P. Vennamo.

He considers the fact that politics entail emotional decisions which are made more with the heart as another reason for the decision at the congress.

Pekka Vennamo once again vehemently disputes judgments according to which his purpose was only to displace his father from the party's positions of influence. "Even I am not some kind of an inhumane monster."

10576

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POLITICAL

ITALY

PCI FURTHER ISOLATED AFTER GOVERNMENT CRISIS

Rome L'ESPRESSO in Italian 10 Aug 86 pp 12-14

[Article by Fiamma Nirenstein: "Red Desert"--boxed material by author as indicated; first paragraph is L'ESPRESSO introduction]

[Text] During this crisis the PCI leadership had proposed all sorts of things: the "historic compromise"; the programmatic government; and the "alternative of the Left." No one paid them any attention, and in the end the party was even more isolated.

Just to look at them, there is something different about today's communists. The crisis in the camp of the enemy--the five-party coalition--has brought to light their own malaise; the gossip of others renders their silence deafening; and the monotonous reintroduction of the same old governmental formula serves to highlight the confusion, the hubbub, and the disparate statements that issue like troubled sighs from the great body of communists.

Have the communists succeeded in serving as a reference point for the confused people of the Craxi-De Mita ballet? The answer is no. Have they been able to come up with a political proposal that would confound the games being played by these others? Not that either. Moreover, at the 30 July meeting of the Central Committee--held for the purpose of establishing a definitive point of departure for use following the confused days of the governmental crisis--the specter of communist harshness resurfaced and--through the mouth of Natta--proceeded to scold everyone: socialists, Christian Democrats, and the president of the republic. The result? A few three-column articles on the second page of the daily newspapers.

Let us see how the PCI acted during the days of the crisis. Natta conferred mostly with the party secretariat, and particularly with Achille Occhetto. It was these two who jointly decided to draft a "program" which the PCI delegation presented on 8 July to Amintore Fanfani, who was engaged in an exploratory mission. The communists believed that this was a move destined to be of great importance. Such was not the case, however; the proposal came to naught. Even today, however, if you question the importance of their action, the communists persist in ascribing major significance to it. One of these is Alfredo Reichlin. "Even though there has been a blackout in the press," he argues, "and the others have turned a deaf ear, the program is nonetheless there, and it is realistic, sensible, and filled with suggestions." "Television devoted

exactly 47 seconds to the program, and 3 minutes to Enzo Tortora," was the angry comment of Antonio Rubbi, the PCI's sanguine authority on foreign affairs. "The games were already over," he added, "and there was no margin for political intervention."

That may be, but the PCI meanwhile continues to exert itself in various and improvised ways. What should be done? The two rivals, De Mita and Craxi, are facing each other like fighting cocks. Participation in the contest is unavoidable, even though the communists are today continuing to claim credit for not having sold out to the highest bidder. The interlocutors are dramatically silent. The appointment book remains empty; the signals from the DC and PSI are received covertly and secondhand. Craxi's attitude is not particularly attractive; during the conferences with the parties--by which time the socialist leader had already received his new mandate--it was downright depressing. For the communist delegations he had a standard little speech concerning the decadence of the traditional concept of the Left throughout the world; with Natta--who was increasingly dispirited--he simply pointed to the victory of the liberal-democratic Nakasone in faraway Japan and lamented the fact that the German SPD platform is not very convincing. My dear communists--Craxi insinuated--what do you expect? You're no longer fashionable.

Moreover, one part of the PCI--during the week that Andreotti held the mandate--had experienced a revival of sympathy for the Catholic world, but it was in the form of nostalgia for the "historic compromise," when bipolarity meant PCI-DC, not DC-PSI. Chiaromonte came out with an editorial in UNITA (of which he is editor) in which he announced that the PCI is--if anything--not completely adverse to Andreotti; on the contrary. Some sectors of the party have not turned a deaf ear. After all, immediately after the onset of the crisis, those communists who had been fond of feeding on "tripe a la Bettino" began to harbor the secret hope that the incubus Craxi had once and for all met his end.

"Shall we choose the alternative?" Franco Camerlinghi, the Tuscan regional adviser, jokingly asked the comrade section-secretaries. "With pleasure," they replied, "provided that it does not include Craxi."

"Well, then, how is it all going to turn out?" was the question asked by Deputy Sergio Dardoni's constituents over the telephone from a factory in the Lucchesia region. "It's my impression that the mandate will revert to Craxi," Dardini replied, the day before his prediction came true. "Craxi? But you must be joking! Craxi's gone for good," the comrades of the rank and file answered back, hopefully. Meanwhile, in Milan a somewhat disturbed federal committee is longing to free itself from the beloved socialist enemies; and the strange group that feels a "neonostalgia" for the historic compromise is growing in size. "Who was it who said the communists are unable to conceive of any government other than one in which the socialists are present?" argues Elio Quercioli, one of the leaders of the Milanese communists. Provincial secretary Corbani agrees. "One must play the field--something, by the way, that Togliatti taught us," he said. "We even passed Article 7 of the Constitution--the one regarding the Concordat--without the socialists. We don't have to hand ourselves over as prisoners to anyone, not even in the name of the fetish of the Left."

The formula "play the field" became the slogan of those who regard the DC as a possible interlocutor, in an effort to avoid the clutches of the Craxi policy. Even the communist group leader in the Chamber of Deputies, Renato Zangheri, made extensive use of this formula in the report he delivered to his 175 deputies, many of whom were annoyed by the remark--albeit impromptu--made by Giorgio Napolitano in a REPUBBLICA interview: "We will not," he said, "support any coalition that excludes the PSI." But it is still a small group, this group of Craxi supporters among the communists: Giancarlo Pajetta (who is, however, remaining silent) is one of those who are not afraid to support the socialist prime minister. Luciano Lama reminds us that the PSI and DC are not the same thing. Napoleone Colajanni, undaunted as always, made a forthright statement to the effect that the DC should give pleasure to a communist only when it is part of the opposition. Amidst all this stagnation, however, Occhetto went so far as to argue that the government can operate even without the socialists, thereby heightening hopes for a revival of the pro-historic compromise component, which naturally also numbers among its adherents "rodanians" such as Tonino Tata.

"But the day of the historic compromise was truly long ago," Zangheri says, disavowing any fascination for the olden days and again stating his view that the policy of disdainful rejection practiced by the PCI is the only sensible one in the face of the breakup of the five-party coalition, and that it is far better to offer a program than to talk about formulas. "Once the structural crisis of the five-party coalition was an established fact," he said smilingly, not believing what he himself was saying, "Cossiga could have called on the communists to form a government." And Reichlin, who roams the Parliament frantically and somewhat dejectedly, said impulsively: "It is bizarre that there are some who write of the internal crisis of the PCI at a time when not just a government but an entire system is falling apart. We believe that what we have today is--rather than a crisis--an increasing opportunity for opposition. Or else, quite simply, let me say it straight out: the time for the shadow government has come."

"Opposition" is the magic word that elicited applause once again for the communists both at the UNITA festivals and at Tirrenia, where Occhetto spoke to the women--applause that was impassioned and charged with internal fibrillations. The PCI suffers: the "healthy part," the honorable part, the "diverse" part finds itself confused and contradicted, more so even than its contradictory and absent-minded attitude during the governmental hiatus would indicate. And how could it be otherwise, in a party which instead of a rank and file cemented together by an ideology has a membership that is held together by certain present-day enigmatic concepts which to be sure no longer call themselves either Marxism or socialism but now call themselves sometimes ecology, sometimes tradition, sometimes the condition of labor, sometimes the condition of women, sometimes local control, sometimes disgust at the political parties that practice robbery. "We are like an immense orange-colored group of individuals, each with his or her own personal inspirations, each with his or her own concept of party policy," was the frank comment of one party official, who requested anonymity and spoke in tones half facetious and half despairing. "And all the while," he said, "that policy is disintegrating and is no longer a matter of concern to anyone."

Examples of how many arrows have pierced the communist thorax are to be found first and foremost in the state of mind of the party members. Each of them has some hot and heavy criticism to make, some incident to recount--a new desire to speak out, to attack everything and everyone, to tell everyone that the secretariat is weak, that there is no reciprocation. For symbolic purposes let us take Bologna, where today the last Berlinguerian illusion is fading--the illusion that the communists can govern by themselves the city which has belonged to them for decades almost by divine right (and by decision of the voters). Split between a "betterment" fraction headed by Lanfranco Turci, on the one hand, and the purist hard-line fraction headed by Renzo Imbeni--which took the defection of the socialists very hard, seemingly offended and astounded that the PSI had grown tired of playing the role of junior partner in the administration of the Red City--the powerful Bolognese communist organization is now ready to turn the reins of government over to a socialist mayor. Meanwhile, the president of the Region--Lanfranco Turci, an independent and managerial type--is thinking of leaving in order to head the League of Cooperatives, thereby becoming more of a manager than a politician.

Another of the core elements of the PCI is undergoing scrutiny and criticism. It is UNITA, which together with RINASCITA will be completely restructured; a study as to how to accomplish this is currently under way. UNITA no longer pleases its readers, because both the supermilitants and the modernists have occasion to find fault, although for reasons that are different and therefore perhaps never reconcilable. RINASCITA suffers from the kind of asphyxia that results from the absence of spirited intellectuals who speak their minds and throw a few stones. "During the days of the crisis," one of the editors recalls, "we repeatedly but vainly asked top-drawer politicians and intellectuals to present a somewhat theoretical, in-depth analysis of political subjects, but no one wanted to take the risk--or perhaps no one had anything to say."

An incredulous shake of the head will be the reaction of anyone who has for decades, from within a powerful organization such as that of the PCI, seen the FGCJ [Italian Communist Youth Federation] hurl violent protests--in writing, on the front page of UNITA--because its festival in Naples had not been sufficiently "hosannaed" by that communist daily.

"It's the historic vendetta of the PCI," one leader laughed bitterly (the one who had been talking about the orange colors). "At first," he said, "everyone maintained that so long as we had such a presence, so long as we were so large, so long as we were so...communist--in short, so long as we were there--nothing worthwhile could be done in Italy. Well, we aren't 'there' now, and what are they doing? The same as before? By no means. They are asking us to engage in politics. But how can the only remaining genuinely political party engage in politics, when politics has been eliminated from all the other parties?"

[Box, p 14]

R.D.C.: The Battle of Sempione

Studded with subtitles bearing on the most diverse global crises, the program for the upcoming national UNITA festival carefully avoids hurting the feelings

of members and supporters by not using the unpleasant phrase "crisis of the PCI." The organizers--"to avoid the suspicion of a domesticated debate"--have turned that task over to the independent players of the magazine MICROMEGA, headed by Giorgio Ruffolo and Luigi Pintor.

Few, however, believed that this year the party's great national festival would itself in turn become the cause of a crisis and of a progressive deterioration of relations between the PCI and the other residents, particularly the associations, groups, and minigroups of the Green Archipelago. And yet it has wound up in a battle involving police magistrates and stamped paper, and telegrams urging "the authorities not to stand idly by while Sempione Park is destroyed."

It is probably true that as a general rule "everyone attacks the wounded giant," and this time it wasn't a single blow they dealt him. Every time a tree branch--in the original plans--rested on the roof of a stand, a hole would have to be dug there and the space rendered unusable, so that the structure would have to be moved or other structures enlarged. That amounts to an additional 70 million or so, estimates Emilio Tommasi, superintendent at the communist construction site in Sempione Park. To this must also be added the cost of the "possible restoration" of everything to its preexisting condition, from the gravel of the paths to the patches of grassy turf. This will be the cause of still further polemics; for as the ecologist Laura Conti says, "a weed patch is sacred because it is a very powerful natural system for decontamination of the atmosphere. But," she adds, "in that case you'd have to prohibit not only the festivals but also the normal daily use of the park. It is not the PCI's platforms that attract the polemics of the Greens: it is the party's insufferably diplomatic manner of approaching all the most urgent environmental problems."

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POLITICAL

ITALY

PSI'S AMATO SEEN BY OFFICIALS AS POTENTIAL LEADER

Rome L'ESPRESSO in Italian 10 Aug 86 pp 15-16

[Article by Guido Quaranta: "Amato the 'Arm'"; first paragraph is L'ESPRESSO introduction]

[Text] Moving in the shadows, the undersecretary to the office of the prime minister has been the secret producer-director of the crisis. There are now many who see him as the future number two person of the PSI, or perhaps the deputy prime minister in the coming DC-led government.

The Christian Democratic deputy Mino Martinazzoli predicts that when Bettino Craxi relinquishes the reins of government--at the end of March of next year--to devote himself to the PSI, he will not be leaving Chigi Palace by himself. He will be taking with him his right-hand man Giuliano Amato, the very loyal undersecretary to the office of the prime minister. "They have become a perfect pair," Martinazzoli says. The socialist Rino Formica, on the other hand, has a different opinion. "Amato is not cut out for party work," he says. "It would be better for him to head an important ministry." For his part, socialist Undersecretary of Foreign Affairs Mario Raffaelli offers a third prediction. "It is likely that in the next government--headed by a Christian Democrat--the deputy prime ministership will go to a socialist. Well, that's the right post for Giuliano."

Eight months before the changing of the guard at Chigi Palace, speculation has already begun in the corridors of Parliament on the subject of the post-Craxi era, and specifically on the political fate of a certain undersecretary who in the course of the recent cabinet shuffle had been confirmed in his post. What lies behind this?

The explanation is simple. Although he operated behind the scenes--without attracting attention and far removed from the reporters and television cameras--the honorable Giuliano Amato has been one of the most able and active players during the governmental crisis just concluded, thereby establishing himself as a personage who is assuredly destined to achieve distinction.

It was Amato, in fact, who overcame the obstacle to the rotation of the office of prime minister--the obstacle on which the negotiations between the socialists and the DC had run aground--and devised, together with Craxi and Giulio

Andreotti, a "pilot" pact whereby the socialist-led government will survive until the end of March, at which time it will be replaced by a DC-led government that will serve until the 1988 political elections. This pact--set down painstakingly in writing--was accepted last week by the five leaders of the coalition, who were meeting there, around a single table, following a month of rancorous polemics.

This is, however, only the most recent accomplishment attributed to Amato during the almost 3 years he has been in the government.

At the time of last fall's dramatic Achille Lauro incident, which impaired relations between Italy and the United States, it was Amato who--in accord with Craxi, in concert with our secret services, and in contact with the American Department of State--disentangled the very intricate muddle surrounding the Egyptian aircraft that was diverted to Rome with Abu Abbas aboard, employing subterfuge to enable it to depart again. It was Amato who early this year--during the tormented parliamentary journey of the national budget--developed, together with the concerned ministers, the strategy to be followed in order to keep the majority united and soften up the opposition. It was Amato who, toward the middle of January, settled the explosive dispute between the leaders of the secular parties, on the one hand, and Minister of Education Franca Falcucci over the teaching of the Catholic religion in the schools, by reaching a compromise that avoided a spectacular split such as the one that occurred over the bill to establish state nursery schools which in 1966 occasioned a governmental crisis.

"He's extremely capable," is the approving comment of Minister of the Interior Oscar Luigi Scalfaro. "He is more than an undersecretary; he's a superminister," social democratic leader Franco Nicolazzi says of him. "With Amato, the prime minister finds that he has at least 50 percent of his work already done," declares the Christian Democratic head of Civil Protection, Giuseppe Zamberletti. Those who would venture historical comparisons speak of him as a Richelieu of Chigi Palace, or as the Cardinal Mazarin of the five-party coalition.

But who is this gray eminence? What is his personal history? He is a native of Turin, 48 years of age, married with two children. He is quite short in stature, with pronounced eyebrows, a nasal voice, and conversation that is somewhat sarcastic and frequently malicious. Amato describes himself as a "scholar on loan to politics." Holder of an LLB degree, he taught constitutional law at the University of Rome and is the author of a book "Istituzioni, politica, economia" [Institutions, Politics, Economics], regarded as one of the most penetrating analyses of that "distributionist" (the lexical invention is his) system, which is the source of many of our country's woes.

He has been a member of the PSI since 1958 and, in general, has posed as a strict "liberal," with some Jacobin impulses. His inspiration was former Minister of the Budget Antonio Giolitti, with whom he had worked. He prophesied the economic planning, which subsequently came to naught. He preferred to frequent the salons of the technocrats of the Left--such as Giorgio Ruffolo--rather than the party sections in Rome. And he detested Bettino Craxi, who had decided to achieve distinction by relying more on the carnation than on the

hammer and sickle. No sooner had Craxi become secretary than Amato remarked that the socialists deserved a better future; and when his party was preparing to return to the government with the Christian Democratic Party, he predicted that if it did so the result would be a holocaust.

Subsequently, having corrected his skepticism regarding the PSI's fate and changed his mind regarding Craxi, he was rewarded with a parliamentary candidacy in Turin; and as soon as he was elected to the Chamber of Deputies with 32,525 votes, he was invited to Chigi Palace to serve as chief of staff of the office of the prime minister. At that moment Amato became more Craxian than Craxi: he is the loyal custodian of the prime minister's secrets; the diligent executor of his orders; his adviser; and his sponsor.

At the cabinet meetings he sits at Craxi's left, and has the privilege of participating even in the meetings of the cabinet council--the highly restricted summit of the five-party coalition. Acting in Craxi's stead, he often convenes the heads of the various ministries and on occasion gives them a dressing down: recently, for example, he took two of them--Clelio Darida and Renato Altissimo ("Rei")--to task for having made decisions with respect to some aviation industries without consulting him. On Craxi's behalf, Amato mends fences with the presidents of the two chambers of parliament, with big industry, with high finance, and with the embassies. And if someone criticizes the chief executive a little too much in the newspapers, the undersecretary to the office of the prime minister takes pen and paper in hand and replies vigorously, demanding the immediate publication of his reply.

Polished and cultured but hasty and aloof, Amato possesses three important requisites for a good adviser to the prince. First of all, he stands up to angry persons without batting an eyelash. He is a superb draftsman: he knows how to make understandable the often abstruse text of bills composed by the bureaucrats of the ministries. And he is capable of making every political decision--even the most arguable--legally plausible: the recent "pilot pact" is proof of this.

To find another undersecretary to the office of the prime minister as flexible, pragmatic, and reserved as Amato, one must go back to the early 1950's, when his post was held by Giulio Andreotti, protege of Alcide De Gasperi, the then head of government.

He is more feared than liked, and during his tenure at Chigi Palace he has collected various nicknames, all of them unpleasant. Some call him "Aramis," insinuating that--like Dumas' famous swordsman--he is at his ease only when in the midst of palace intrigues. For others he is Tigellinus, Nero's all-powerful friend. And there are even those who speak of him as a new Cesarino Rossi, Mussolini's secretary at the time of the Matteotti case.

He is unflappable. When he speaks of government business, he employs only the plural ("We lowered inflation, halted the price rise, and signed the Concordat"). He treats his critics with disdain: "Italy is a country more disposed to hate than to understand." As for his own future without Craxi, he remains vague: "We'll see. I have to give it some thought. However, it seems to me a bit early to discuss it now."

10992

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POLITICAL

NORWAY

PARTIES' INTERNAL, EXTERNAL POWER RELATIONSHIPS VIEWED

Center Party Spurns Progressives

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 5

[Article by Einar Solvoll: "Center Party Does Not Want to Reach an Agreement With Progressive Party"]

[Text] The Center Party believes that a new nonsocialist government must be a minority government without an agreement with the Progressive Party. "We are being compelled to assume the risk with the Progressive Party on the seesaw," Johan J. Jakobsen, the party's chairman, and Johan Buttedahl, its leader in parliament, stated yesterday at a press conference.

They did not want to get into a discussion of Rolf Presthus' assertion that "the country must have a government which can get essential bills approved by the majority in Parliament."

Expecting From Conservative Party

"The statement by the chairman of the Conservative Party requires interpretation. But we expect that, when the time comes, the Conservative Party as well will be willing to form a minority government and also that during this electoral period there will be no question of entering into any reciprocal agreements with the Progressive Party, because that party's policy is much too far away from us," Buttedahl said. Jakobsen assumed that the Conservative Party would not want to refuse to regain the responsibility of governing when that becomes politically necessary.

Meanwhile the Center Party wants to oppose the Labor Party on the issues but nevertheless has a high level of ambition where regaining a position in the government is concerned, as the party chairman expressed it.

As far as the national budget for 1987 is concerned, Jakobsen repeated that the Center Party has promised to give the Government signals as to what expectations the party has so that it can give its support. "And the time for this is now upon us," he said.

The main points in this connection are that a real increase in expenditure should be expected only in high priority areas such as health services, for

example. Otherwise no dramatic reductions in special areas are being contemplated. No-growth is being sought instead.

So as to avoid larger tax increases, the Center Party wants instead to impose more taxes on luxury consumption and not on the sort of consumption which affects most people, Jakobsen stated.

Vulnerable Economy

This past year, the oil economy has proven to be extremely vulnerable, and for this reason more attention must be paid to the economy of the mainland of Norway, said the Center Party's chairman, who believed that this ought to provide the basis for new growth in other areas. Wage and price increases should be slowed up and stimulation for reorganization and innovation should take place. In addition, a lower interest rate can contribute to this effort, Jakobsen stated.

There is no basis for new general tax relief next year, and in this connection a tradition of many years' standing is being broken, he asserted. On the other hand, the party does support a tax revision which would yield higher gross taxes, lower net taxes, and slower progression.

Paper Urges Nonconservatives Unite

Oslo AFTENPOSTEN in Norwegian 20 Aug 86 p 2

[Article: "Clear Nonsocialist Choice"]

[Text] Let it be said right away: The nonsocialist parties have a responsibility toward their voters. There is a nonsocialist majority in Parliament to which they have given the obligation to run things. The Progressive Party's two representatives are an essential part of this majority. We can make no sense of the semantic discussion of the extent to which Carl I. Hagen is a nonsocialist politician. The point is that the Progressive Party is not a socialist party. On the contrary, the party wants a new nonsocialist government.

It is just as obvious that a new government must make sure it has reasonable working conditions beforehand, to quote Rolf Presthus, the Conservative Party's chairman. The country needs a government which can carry out non-socialist policy. The need for a quick change of government becomes clearer and clearer with each passing day. True to tradition, the Labor Party has entered upon a socialist course which effectively undermines everything which was built up during four-and-a-half years of nonsocialist rule.

For our part, we want to warn the middle parties in the most urgent way against being led astray by the Labor Party's suitors. It may look alluring to some when Prime Minister Gro Harlem Brundtland promises to show willingness to find solutions from the left and in towards the center in Norwegian politics, as she recently did in a report to the Labor Party's parliamentary bloc yesterday. The truth is quite different. In a number of central areas, policy is now being carried out which is fundamentally opposed to policy

which was carried out by the Willoch government and which brought about its downfall.

Meanwhile in Parliament there is a majority, consisting of four parties, which wants a different government and different policy. The principal task must therefore be shaping a strategy and agreeing on the main strands in a nonsocialist government's policy. There is a parliamentary basis for a new three-party government, and, in a word, it must be possible for these parties to both discover a political basis which will unify them and make certain that they have the necessary opportunity to govern. Until the reverse should be demonstrated, we prefer to believe that the parties which were in the previous government are mature enough to put these conditions in order.

But to date we have not observed any clearly expressed willingness to bring down the socialist government and give the country new nonsocialist leadership. This despite the fact that it must be obvious to each and every nonsocialist politician that the present government's course is not designed to solve the country's problems.

Truth to tell, we fail to be impressed by wily discussions of when the autumn hunting season might start and whether it might be tactically clever to let the Harlem Brundtland government sit a little longer.

Labor, Conservative Leadership Problems

Oslo AFTENPOSTEN in Norwegian 26 Aug p 3

[Article by Trygve Monsen: "Power Shifts in Labor and Conservative Parties: Party Apparatus In Muddy Waters"]

[Text] "The Conservative Party needs a wider platform," say the marketing experts. "Well, all right," says the corps of secretaries and prepares a proposal for a Conservative Party policy on rural districts, the health system, and people who are seeking training. That is not the way things happen today. But in the Conservative Party, moving towards a 30 percent party and regaining governing power has forced the party to think new thoughts.

Within the Labor Party, traditions run the power apparatus. As long as the apparatus lasts. The old central colossus changes its character slowly. Power moves slowly out of party headquarters. Gro Harlem Brundtland's closest coworkers have not reached the summit of power after having climbed up through the party hierarchy or done a solid job on Youngstorv.

Within the Conservative Party the situation is quite different. Deliberate efforts are being made to strengthen the party apparatus and to gather power on Stortingsgate. In 1981 the problem was how putting the government together should occur without weakening the party apparatus too much and draining it of capable people.

Leveraas

After serving for a good 11 years, Ivar Leveraas is now retiring as Labor Party secretary. Just at a time when there is an avalanche in the opinion polls. Almost every seventh voter abandoned the party one month earlier this summer. In the usual fashion, the directive came out: The party leadership has to be renewed.

This time there was only one "canary bird"--Aksel Kloster--who demanded changes at the top. But the cry for a change can be louder, as the Conservative Party saw in 1983. Once again in 1983 Erling Norvik was supposed to "get the Conservative Party moving." Out with Jo Benkow!

Instead of a debate about people, many think that it might be better to ask how political work is being conducted. Are individual issues being promoted in the best way?

Some in the Labor Party are certainly shaking their heads in despair over the Government's treatment of plans for private hospitals. Scarcely one year after the health and social issue insured the government's power, the impression is being created that Tove Strand Gerhardsen, the minister of health and social affairs, is practically unconcerned about the health and well-being of the people.

Fingertip Feeling

Internally it is stated at the Labor Party that neither the leadership nor the party office has the requisite fingertip feeling. And where is the reliability when Ivar Leveraas says that there is no major problem when the party falls 5.5 percentage points in the opinion polls?

Might the Labor Party's problem be that the party office no longer finds itself in the political center? With good contacts with the mood of the party and its members, but still uncomfortably far away from the rest of society?

The change of government in May illustrates the shift of power which has been accelerating, especially after 1973, when the Labor Party had been sitting in a minority government for eight years.

The party's organs discussed the composition of the Government when, to everyone's surprise, power became theirs in May. Similarly it is clear where the power lies; around Gro Harlem Brundtland.

Where Are the Party Drones?

Nine of the 17 cabinet ministers come from the parliamentary bloc. In political circles the fact that so many civil servants have been tapped for work in the government has created a stir. What became of the typical party drone?

And what is the central party apparatus doing? It is afraid its opponents will gain effectiveness and vigor. Does the secretariat plan the shape of tomorrow's policy when 80 percent of revenues are linked to wages and social

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benefits for 20 employees? It cannot be easy. From inside the party comes this complaint: The party office functions only as a buffer between members and the parliamentary bloc/Government.

The extensive (and important) work with preparations, national conventions and annual meetings is carried out by the party office and the local parties. But individuals (read: the party leader) mean a great deal to the manner in which an issue is brought up.

Renewal

And how does renewal come about? Who pushes for it? Wags assert that the freedom debate did not come about to mark the centenary celebration next year but because the Willoch government brought it forward. Media policy and debureaucratization had many good aspects, it is conceded.

Some seek to travel new avenues. In the Oslo Labor Party a "network" was set up around candidates in the 1983 and 1985 elections. Non-members as well were brought in so they could participate in discussions of political initiatives before the candidate was let loose on the voters.

With at least a similar degree of desire, the Conservative Party is struggling against economics as its main opponent and approximately just as many employees. Likewise the Conservative Party is further along in its modernization of the party apparatus. It was quickly understood that the need for information would be very great after the assumption of power in 1981. There was a major overhaul of the "party machine."

Today the party office at Conservative House sees the result. One week after the astonishing change of government, written material regarding Willoch's departure was ready. Three weeks after the change of power, specially selected representatives had visited the local party organizations and explained why Willoch had to go.

The party apparatus is being strengthened deliberately. Rolf Presthus received a less demanding job precisely so he could work more on party affairs. Circumstances can now once again make a power shift difficult now that Presthus emerges as the Conservative Party's candidate for the prime minister in the wake of Willoch's "abdication." But a willingness to spread power beyond the government's office and Parliament is really there.

Thus the 80's can mean that the Conservative Party will copy the Labor Party's formula from its days of power up through 1965. A strong, well-run party machine will assure the execution of policy and ideas.

'Confusion' Regarding Progressive Party

Oslo AFTENPOSTEN in Norwegian 27 Aug 86 p 2

[Editorial: "Conversation With Hagen"]

[Text] We were certainly aware that there is great confusion in certain political circles, but a statement by Anne Enger Lahnstein, the vice chairman

of the Center Party, about the confusion which reportedly reigns in her own party, is nonetheless astonishing.

What this is about is the shape and direction of the government. Statements by Rolf Presthus and other Conservative Party quarters to the effect that good working conditions have to be created before a new government is formed have created confusion and frustration in the Center Party, Mrs Lahnstein has said to the press. And there is yet more: The vice chairman of the Center Party has gone so far as to say that if the Conservative Party calls for "reasonable working conditions" in order to form a new three-party government, a new political situation has been introduced. The hint is clearly meant as a threat.

We would like to believe that voters as a rule, and this applies as well to those of the Center Party, have a hard time understanding now the well-meaning chairman of the Conservative Party could have brought about this very dramatic turn of events. Because what he is saying is nothing less than the fact that he wants to talk with the Progressive Party and Carl I. Hagen in order to "prevent unnecessary confrontation."

Judging from experiences with Carl I. Hagen's party, one can indeed wonder what an agreement with that party is really worth. Before the last election, Hagen had, as we know, made a solemn promise that he would not contribute towards bring down the nonsocialist government. Nevertheless it was the Progressive Party's two representatives who saw to it that the Willoch government was thrown out.

We have of course taken note of this, and we were the first to condemn Hagen's modus operandi. But it is certainly not possible for this to mean that those nonsocialist parties which make up the majority in Parliament during this entire period will stand sulking at the back door and not do what they can to give the country a new government. And it is also out of the question for the nonsocialists to let anything go untried so as to ensure a stable governing power. We need a government which can rally a majority behind essential policy.

If we understand Presthus correctly, this is precisely what concern him--recognizing that the nonsocialist parties have the obligation to manage the majority the voters have given them.

Whether or not they like it, the Progressive Party's two representatives are a part of this majority. And so, in one sensible way or another, they will try to adapt to the situation.

When it is obvious that the four nonsocialist parties in Parliament prefer a nonsocialist government to the present one, they ought at the very least to talk with one another to see how reasonable working conditions for a new government can be created. That such a modus operandi--a next to inevitable one--should lead to confusion and frustration within the Center Party is indeed most regrettable. Because the three parties which were previously in government cannot avoid having to exchange some words with Hagen.

Conflicts in Christian Party

Oslo AFTENPOSTEN in Norwegian 23 Aug 86 p 3

[Article by Kjell Hanssen: "Regrouping of Christian People's Party Troops: Why Not Kristiansen?"]

[Text] When someone goes on a trip, other people can talk about him. In Forde, the most important topics of conversation for the Christian People's Party's central executive group and parliamentary bloc were certainly Kare Kristiansen's absence and the country's political situation, in that order. This does not mean, however, that the Christian People's Party (KrF) was in Sogn to contemplate its own belly button. How the party feels about itself will affect the way it views the world and what it will do to it. When seen in this light, self-examination is a legitimate activity.

The KrF is not more prone to conflict than most parties. But the conflicts it does have develop in other ways and emerge in party in other areas. It is relatively easy to define other parties by their positions on economic issues, property law, free enterprise, private versus public, taxes, price policy, and savings. This is not the case with the KrF.

Sense of the Temporal

Its representatives are not without a sense of the temporal, either for themselves or for society. But they have such a sense individually. And it is the individual's chance experience which determines the party's position, not the other way around.

Support of textiles can become a leading issue for the KrF if one of its representatives happens to have been won over by the textile lobby. Or it can happen as it did in Tyssedal, where a party representative from the district said that aluminum was ethically worthier than ilmenite. On that occasion this opinion almost brought about a disaster for the Willoch government.

Likes To Do Good

It is only in the extent to which ethical ideas can be directly transferred to policy that the KrF can be said to have a clear economic profile. The party likes to do good, and, like all political do-gooders, has to do so with other people's money. If possible, good will be done by distributing more than what has been collected. Thus the KrF is an advocate of big inflationary budgets. In this regard it stands on the same ideological ground as the Labor Party.

Voters Somewhere Else

But large segments of the party's electoral mass are standing somewhere else. They are small employers or wage earners who are struggling to make ends meet. They see nothing moral in high taxes and pin higher hopes on their own efforts than on public subsidies. They are solidly nonsocialist and comprehend nothing about the party's youth organization. (Most voters understand little about their party's youth organization.)

Schoolboy-Smart Relationship

Of the KrF's current politicians, Kare Kristiansen is the one who is the closest to this nonsocialist case of mind. In addition there is the fact that he is the only one in the leadership who has a clear and distinctive relationship to economic issues. In recent years, Bondevik and Kristiansen's party has become Bondevik's, he has both youth and pedigree on his side. But Bondevik has a schoolboy-smart relationship to economics and business and trade, not an independent approach of his own. Kristiansen, on the other hand, does, his dedication is self-taught and not learned by rote.

In relation to the rest of his party, Kristiansen also stands squarely and unambiguously in the middle of Norwegian foreign and security policy. His weakness, where these sensitive issues are concerned, is that now and then he talks before he has thought. But there is no doubting the direction of his dedication, and that direction is consistent with the security policy needs of a country with Norway's exposed location.

Unused Asset

Kristiansen should therefore be an asset to Bondevik, he covers a flank which ought to be the point of departure for the entire party. It is surprising that the parliamentary bloc does not see this and act in consequence. Instead, the impression exists that the bloc is letting him sail on his own sea and that, for his part, he has a harder and harder time recognizing the sea the others are sailing on.

In Forde the parliamentary bloc decided to tie up the loose ends. It was high time. Managing the KrF's crew is more than a piece of party business, it has immediate significance for the party's ability quickly to enter a new nonsocialist government with reliability and energy.

Not Synnes

In this regard as well, the party has another problem, Harald Synnes. In Bondevik and Kristiansen's absence, Synnes took upon himself the difficult assignment of parliamentary leader. This was more a piece of self-sacrifice than a promotion, he is not cut from the cloth that political leaders are made of. Just now, while the party is in the opposition, Bondevik can release him from the task. But this does not solve the problem. The issue once again is what the KrF will do with its support in Parliament when Bondevik leaves Parliament to become a cabinet minister in a Presthus government. The answer should be formulated before the start of the autumn session. And it had better not be Synnes.

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POLITICAL

PORTUGAL

BRIEFS

ELECTRONIC ESPIONAGE--A few days ago the Soviet Embassy in Lisbon requested from the Portuguese Government the authorization to install on the roof of its building on Rua Viconde Santarem "an earth station for satellite communications." The station would have been used for telephone communications with the Soviet Union, and thus the Soviet comrades would have avoided short wave and international telephone network communications. The Soviets would have used sophisticated equipment that would have made any type of listening impossible. However, technical experts contacted by our newspaper said that such a system could also serve other ends, including electronic espionage. The government is studying the request, but it is likely that the Soviet request will be denied for reasons related to national defense. This, moreover, has been the reaction of Western governments when faced by the same Soviet request. [Text] [Lisbon O DIABO in Portuguese 19 Aug 86 p 20] /6662

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POLITICAL

TURKEY

ANKARA JOURNALISTS' UNION OPPOSES PRESS COUNCIL

Istanbul CUMHURIYET in Turkish 25 Jun 86 p 10

[Text] The Central Administrative Board of the Turkish Journalists' Union [TJU], meeting in Izmir, has also discussed the question of establishing a "Press Council" that will exercise voluntary-control by the press.

The Central Administrative Board of the TJU has issued the following statement:

"It has been a known and observed fact of late that certain activities are afoot to ensure the auto-control of the press. The self-regulation of the press in our country is a topic that has long engaged the attention of the TJU. To ensure that the Turkish public has truthful news to read under a democratic regime and that, to this end, the gathering of news can be freely practiced is one of the basic views of our union.

"Our union is also well aware that there are numerous laws on the statute book which, along with certain articles of the present constitution, hamper practicing a modern concept of journalism in our country. Like all members of Turkish society, the TJU and its members are aware that, in addition to all these legislative restrictions, prolonged martial law practices are turning into habits. The fact that the Press Law and the Turkish Penal Code contain a large number of articles hampering the freedom of the press has also been persistently aired and their amendment demanded by the TJU. The TJU has also striven for the total abolition of prohibitions in Turkey on the right to gather news freely--a right periodically curtailed for years--and on their dissemination, and has also taken up these subjects at the level of the Federation of International Journalists (FIJ), with which we are affiliated.

"Our union has never lost sight of the fact that freedom of the press heads the list of the most important components of human rights essential for democratic life. To sum up, the TJU believes that as long as the necessary amendments are not made in the legal statutes in force, one cannot speak of full freedom of the press in Turkey.

"The TJU has championed the case for a press that is at all times of high quality and honest and that will not supply false news to the citizen. To uphold the opposite view, in any case, amounts to taking up positions against

the basic rights and freedoms of democracy. The TJU, which is wholeheartedly devoted to democracy, supports the functioning of all the institutions of modern democracy. The natural consequence of this is the emergence of the case for the people to control the press themselves, directly, as in the case of any other democratic institution. We hold that, rather than certain contrived arrangements, the most effective form of control would be the one exercised directly by the people in a Turkey where all the institutions of democracy function freely."

The TJU statement points out that "it is not of the opinion that an approach like 'self-regulation' would yield positive results in an environment where there is no free regulation by the people" and says: "Because of this, we are attentively following the activities aimed at establishing a 'Press Council.' We have resolved that the final decision on a subject like this, which we consider an inseparable part of Turkish democracy, should be taken following consultations with members at the union conference--the most authoritative organ of the union--to be held in October, and we consider this resolution as a requirement of democracy."

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SOCIAL

TURKEY

PAPER QUESTIONS VALIDITY OF NATIONAL CULTURE FOCUS SEARCH

Istanbul CUMHURIYET in Turkish 25 Jun 86 p 2

[Article by Oktay Akbal: "Who Are Those Who Will Determine the National Culture?"]

[Text] "If we come to a decision on the proposal prepared by the Supreme Council to determine the components of national culture that will be taken as a basis of the definition and application of national policies and the selection of national goals, I believe that we will have filled a great void."

This is how the president is reported to have spoken at the meeting of the Supreme Council for the History of Ataturk Reforms [ADTYK].... So, a need is reported to exist "to determine the components of national culture." So, work has been initiated to this end!... Are we to take it, then, that our national culture was in a void until today? Had it degenerated under the influence of foreign cultures? Did the Republican era and the Ataturk reform not have a cultural policy that was particular to them? Did the generations that have come up over the past 63 years not know what the national goals were? Was it not an established fact that the contents of the components of our national culture accorded with the requirements of modern civilization and that these components were bound with the standards of civilization of the modern world we live in?

Now, out of the blue, the ADTYK has resolved "to determine the goals of national culture" at a meeting attended by the president and the prime minister as well. Who will determine these goals? Will they be the people who destroyed the Turkish Language and History Society, which Ataturk established and kept alive, who abolished the People's Houses, who closed down Ataturk's own Republican People's Party, who pushed aside those who were waging a struggle for modern civilization and culture, and who kept the arena open for anti-Ataturk thinking, or will they be those who appointed people with such an outlook to leading positions in the ADTYK in the first place?

I have long been saying that the flags of ancient Turkish states that are lined up in the background of the presidential office are some fabricated designs which have no basis in any fact, and that it is wrong to line these flags up behind the president.... Well, we see no evidence of these flags in the new newsreels of the president. I do not know if this is true, but I have

heard that Honorable Evren has asked to be informed if these flags are true to historical facts, but neither the new History Society nor any other history establishment has been able to provide a convincing answer.... Nor could they, of course, as these flags which are represented as 16 stars on the Presidential Standard--and, it must be said, there have been more than 16 Turkish states in history--are plausible fabrications that have emerged in recent years. What a shame that they have been included even in some encyclopedias!

These flags have now been taken away from the presidential office, it was a good move, and I thank those who made it. But the Turkish Radio and Television Corporation [TRT] continues with great persistence to show these flags in an old photograph. These flags are not there in new footage but old pictures continue to show Honorable Evren together with these fabricated flags!... Why this persistence in a mistake? I have kept on asking who was going to provide historical information concerning these flags, and who was going to convince us on the basis of what historical documents and proofs that the shapes and forms on these flags had historical veracity! Several months have gone by and not a sound from anybody. Why, then, is the TRT persisting in such a fanatical attitude?

They say they are Ataturkists, but do not want to see or to know about the Ataturk era, about what it achieved, about what it ushered in and firmly established. The flags of the 16 Turkish states existed neither in the Ataturk era, nor in the Inonu era, nor even in the Bayar era! Nor did anybody feel a need to determine our national components. The culture of a nation is not for the president, prime minister, or ministers of that country to determine; it is the thinkers, artists, and men of letters of that nation who create, maintain, and develop that culture.... Attempts at cultural determination from the top are seen only in dictatorial regimes. Who are the people who serve on the ADTYK? If we parade them in our mind's eye, we shall see that they are not so very close to the basic principles and beliefs of the Ataturk reform. Are these the people who will now determine the cultural goals of the Turkish nation?

"We have carried out a reform; we have taken the country from one age to another," said Ataturk on 22 November 1924.... And now, are we to take our country from a new age to an old one--or, more correctly, to some place outside our age? "The aim of the reforms we have carried out and are carrying out is to raise the people of the Turkish Republic to the level of a completely modern society civilized in every sense and form. This is the basic principle of the reforms. It is imperative to wipe out concepts that do not agree with this fact." This, once again, is what Ataturk said, in 1925.

Ataturk closed down the Turkish Clubs and had the People's Houses established. Now the Turkish Clubs have reopened and, what is more, they have reopened as nests of political activity in the hands of extreme rightists.... Not a trace of our People's Houses. Their administrators have been taken to court. There is no RPP, there is no Turkish Language and History Society, and intellectuals with a modern line on art, culture, and thinking are subject to almost daily accusations.... In contrast, certain individuals who have gathered around the ADTYK, a government office in Ankara that has shown no visible activity of a

positive nature over the past 3 years, are engaged in finding and determining the "national cultural components" of our nation!... You might think that these "components" somehow did not exist! As if all the generations that have come up in the past 63 years were deprived of national culture.

To determine the goals of our culture!... This can be done only by the artists, thinkers, and men of letters and culture of that nation, done not on commands from on high but done by the works they produce.... No one may command the Turkish nation, a nation that is an inseparable part of modern civilization, as to how to think, how to create, what to believe and what not to believe, and "what sort of national goal it should have."

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ECONOMIC

BELGIUM

VAN MIERT ON BUDGET CUTS, EMPLOYMENT, REGIONAL ISSUES, CVP

Brussels LE SOIR in French 30/31 Aug 86 p 2

[Interview with Karel Van Miert by Beatrice Delvaux and Guy Duplat]

[Text] In this fourth report of our series about the start of the fall season, we will take a look at the opposition, in an interview with Karel Van Miert, chairman of the Flemish socialists.

Question: The Val-Duchesse plan went through on time and the government has held firm despite the protests. Does this mean that the opposition was unable to get its message across?

Answer: We shouldn't reach conclusions too hastily. Even though the government did hold to its schedule, it did so by resorting to methods that are not really a part of the democratic tradition. Questions are still being asked and protests are still going to be made.

On the subject of education, discussions are just beginning now. On the Flemish side, even the liberal union leader, Mr De Witte, is using terms like "unheard of" and "chaos" in talking about the reopening of schools in the fall. The second hitch is jobs, where the consequences are just starting to make themselves felt. The added numbers of the unemployed will again be counted in the thousands. And the same sort of thing is true for economic growth. Despite the improvement in the international economic situation, our performances are still not very good, and are lower than the European averages.

Question: And what about debt consolidation?

Answer: The 30 billion in savings do not exist. What cynicism there is in talking about the effort the banks have made! Let me give you an excerpt of an inhouse report of the executive board of one of our major banks, which is more informative. "The objective was to make consolidation end up in an operation producing no effect whatsoever. We may consider the results highly satisfactory."

We are continuing to say that this plan is and remains unbalanced. It was designed for the benefit of financial investments, and it works to the

detriment of the employed--both middle management as well as workers--and of the unemployed. Professor Kervyn de Lettenhove has also commented on this. If it continues to move ahead in this fashion, the government is going to reach a breaking point.

Alternative

Question: What is the SP's alternative policy?

Answer: Today our priorities are actions in favor of consumption and increased investments, which are now below our needs and our potential. We need selective, not general measures, sector by sector, and real corrective steps. We have to stop tossing money around wildly, as the government has been doing for the Stock Exchange, the coordination centers, and for military purchases.

Question: What about employment?

Answer: Our plan of action dating from 1982-1983 emphasized jobs and productive investments. Today those priorities still remain, but the methods have changed. For example, we need a margin of maneuver to increase labor revenues in one way or another. So the 2 percent salary moderation (the index surge is still being awaited, for it declined after what happened in the area of inflation) should be brought up for discussion again in collective bargaining negotiations.

Question: Do you believe in this interoccupational agreement?

Answer: It is clear that Andre Leysen and his colleagues are not ready to put their heart and soul into providing jobs. Even if an agreement is actually reached on employment after these discussions, it won't really mean very much. This doesn't mean that we are against the private sector, but the private sector is not much interested in the unemployed, in women, young people, or the long-term period. It is up to the government to act; it has to take specific, supplemental measures to help the unemployed who are in the hardest-hit categories.

Coalition

Question: If the present government falls, what would be your conditions for agreeing to join in a coalition government with the Social Christians or the liberals?

Answer: Our conditions are flexible: a policy designed to promote jobs and stimulate investment. In terms of boosting consumption, another of our priorities, we are open to the use of fiscal measures; they aren't a taboo for us. Another priority is industrial redeployment. A certain number of industrial policy instruments have been destroyed, and we deplore that. We must obviously get rid of bureaucratic tendencies, but we can't go too far.

Question: So business should not be afraid of the socialists any more, as you recently told the GAZET VAN ANTWERPEN?

Answer: No. Anyway, a lot of business leaders are now saying that in the past the socialists have done more to stimulate industry than the coalition now in power. Of course, the general business climate has improved, but the government's efforts have not been directed toward an industrial renewal.

And in the area of exports, we have become more and more specialized in products considered regressive. The time has come for us to create a new harmony between the industrial needs of the business community (including PME [Small and Medium-Sized Businesses]), and improved compensation for employees.

Question: You don't list the Val-Duchesse plan among your priorities. Should all of it be thrown out?

Answer: No, some measures should be kept, like the ones reducing tax advantages for the coordination centers. But we should also revise some measures, such as those affecting education. Savings do have to be made in this sector, but Martens did a poor job with this. He didn't prepare an education policy; he just drafted a budget-cutting plan. We needed to broaden the debate, to think about the school pact, to stimulate cooperation between different networks. We should also revise the unemployment policy and eliminate measures delaying the retirement age, which are absurd. That type of coercive measure is antiliberal and detrimental to providing jobs for young people.

Question: Among your "musts," you also don't mention problems such as missiles or foreign policy.

Answer: The question of missiles is still there. The SPD [Social Democratic Party of Germany] candidate for chancellor in Germany, Johannes Rau, has just said that nuclear missiles should be removed from German soil. So the debate isn't over.

Missiles

Question: But you haven't said any more about getting rid of the 16 missiles based in Florennes during the 2 weeks you have been in office.

Answer: First of all, we need to make sure that no more are added to them. But we also need to make it clear that, in one way or another, these missiles are going to go. History has proven us right. It is clear now that these missiles have been of no use. Even the Americans admit that.

Question: What about foreign policy?

Answer: On South Africa, our positions are similar to the theoretical positions of the CVP [Social Christian Party]. But in practice, our parties do differ. In terms of justice, too, we would use a different emphasis than the present government does.

Question: Finally, nothing seems to separate you from the CVP's left wing. And yet, Mr Dehaene cast you out into the darkness of the opposition. Why?

Answer: Before the summer vacation, people felt there was some interest in a dialogue. The CVP press sent up a few trial balloons. Frank Swaelen talked about getting the community debate started again. There was a certain amount of irresolution, even in the corridors of parliament. Then the liberals panicked. A secret meeting was apparently held behind the scenes to calm the liberals down. They decided to hold the legislative elections and the European elections at the same time, and Dehaene, whom people still suspected of leaning to the left, felt forced to attack us.

Question: But it wasn't just in the majority that there seemed to be differing shades of opinion. In your party as well, people like Louis Tobback are much more opposed to a dialogue than you are, at least according to what he has been saying.

Answer: Parliamentary tactics have to be distinguished from the party's line. I am the party chairman, the person who sets that line. I am sorry to disappoint some CVP members by repeating that I am, and I will remain, at the head of my party.

Happart

Question: Let's talk about the Happart issue. If that does blow up, can you heal the abscess better than the present majority?

Answer: No party can escape this problem. Jose Happart opposes both communities and is an obstacle standing in the way of all policies. If we had a state of law, the problem would be simple. When justice issued its verdict, there would be no further Happart problem. We would just have to follow the court ruling. But based on what I have been hearing, that will not be the case. And unfortunately, this problem will make it very hard to solve some other very important community problems. There are problems in financing regions and communities. In 2 years people will vote in the Brussels communes. That will inevitably entail some linguistic problems. Though economic and social problems are and must remain priority issues, it would be dangerous to forget the community terrain. We should be able to discuss all this calmly and collectedly--in time, before the problems erupt. But because of Happart, everything risks getting dangerously embroiled in an overheated atmosphere.

Question: Are you ready to discuss these community problems with the majority parties?

Answer: We are ready to discuss these issues within the framework of parliament, and on the condition that they be serious discussions, without side issues or delays. There are certain things that should be settled quickly, such as the status of the cadaver which the Brussels urban council has become. Others demand more serenity.

The PS

Question: What is the status of your contacts with the PS? There has been hardly any talk about meetings you may be having with them.

Answer: Maybe that's a good sign! It's better to be discreet. There are some points of agreement in terms of social security. We are working together more in parliament, I get along very well with Guy Spitaels. Like the other Flemish parties, we want to move ahead with regionalization, and for this the PS is our best ally, for the PSC [Social Christian Party] is trying to stall this movement. But here again, the Happart case tends to obstruct closer contacts. It keeps us from moving forward in regionalization, though we will have to get there some day. People may well wonder whether the heart of the Happart affair might well continue to block the movement toward a better designed state, with more responsible regions and more rational institutions for a long time yet to come.

7679

CSO: 3619/63

ECONOMIC

NORWAY

ECONOMISTS WARN: STRONG MEASURES NEEDED FOR ECONOMY

Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5

[Article by Roar Ostgardsgjeltten: "Economists' Advice to Finance Minister Berge: Strong Measures Needed to Straighten Out Economy"; first two paragraphs are introduction]

[Text] We have lived beyond our means these past few years. Today, after the sudden fall in oil prices, Norway faces a genuinely serious economic situation. Retrenchment measures and reductions in state budgets are necessary, as Finance Minister Gunnar Berge has announced.

Three economists, Professor Michael Hoel of the University of Oslo, Rune Gerhardsen, private secretary to the head of the Norwegian Federation of Trade Unions, and Fabio A. Manzetti, chief information officer of the Norwegian Employers' Association, agree on this point. But the three have different views of the reasons for today's economic problems and of how retrenchment in the economy should be carried out.

Gerhardsen: I believe it is necessary to initiate many retrenchment measures and do so vigorously all at once and not come up with little measures bit by bit. The effect will then be stronger and political acceptance will be much greater if we do a great deal all at once.

Hoel: The situation Norway faces is that we are now entering a period with a deficit in the balance of foreign trade of approximately 10 percent of gross national product (GNP). Even with a 2 percent annual growth in GNP, we shall have no growth in both public and private consumption for many years to come before we are back in balance again. This tells a little about the dimensions of the retrenchments which are essential.

Manzetti: I am pleased that even leading Labor Party representatives finally understand how serious the problem is and are coming forward with reasonable economic assessments. There is broad agreement that the country has lived beyond its means. But the problem the country faces today is not a phenomenon which occurred recently with the fall in oil prices. Quite the contrary, when oil revenues began to flow in, we earned five times and spent ten times as much. For this reason, we have to solve structural problems.

Gerhardsen: When we analyze today's situation, two main problems are connected: The first is that for a long time we consumed too much. The second--and just as important--main problem is that we went on a consumption "binge." Now that we have to retrench, it is important for us to retrench in those areas in which we consumed too much, and not in those areas in which we consumed too little.

In recent years we have seen greater private consumption in Norway than ever before, while on the other hand--quite obviously--we spend too little on goal-oriented training and research and development work with the exception of health and social services. I see that the Norwegian Industry Association as well is stressing the fact that we spend too little on mass transit because this is in the process of becoming a bottleneck in economic development.

Manzetti: It is a bit difficult for me to understand the direct relationship between oil revenues on the one hand and private consumption on the other. I find that a bit artificial. In any event, it is my opinion that there is no direct connection, while savings do have a direct connection with oil revenues and state expenditures.

We must also make fine distinctions in the huge growth of private consumption. For example, we have car purchases, which for the purposes of keeping national accounts is posted as private consumption, whereas in practice, even in countries like the Soviet Union, it is considered an investment. Rather, the large purchase of cars in recent years can be seen as a revival in the car population, since the earlier peak in car sales was in 1976-77. If we discount this, then we will see that private consumption has not grown as massively as 8.5 percent.

Cut

Which areas should the finance minister attack with his retrenchment measures?

Gerhardsen: There is much that must be done, from the point of view of taxes, credit policy and economic support. It may be too much to expect the finance minister to accomplish all of this in connection with one national budget.

Hoel: Keeping the balance of trade deficit in mind, it will be necessary to cut both public and private consumption. As far as public budgets are concerned, I will not mention any specific categories. Rather, we must have no growth and possibly a decline in almost all categories.

However, if I did venture to point out specific categories, it would be transfers, especially economic support, including transfers to agriculture. Indeed, in both agriculture and support for a number of industries, today there are examples of subsidies of over 100,000 kroner per man-year. Clearly this is absurd.

Gerhardsen: Economic transfers should now instead be incorporated into the Rural Committee's reserves. I think there is money to be saved here, and above all I think that employment and efficiency on the local policy level will bring about a change.

Manzetti: Today 75 percent of the state's expenditures goes into transfers. But is difficult for me to call attention to certain transfer arrangements as opposed to others. It is the job of politicians to make the choice between different categories.

Hoel: I do not think it is possible for us to adjust to a downwards trend via a drastic remedy. I think it is necessary for us to achieve no growth in combined public and private consumption. Besides, if we tighten up too much on total consumption, demand will fall so much that it will lead to excessive unemployment. What must happen in order for us to have an increase in production and at the same time no growth in domestic demand is first of all that Norwegian production replace imports and second that we in Norway should manage to export more. This means the economy will need to adjust and so will the trend in prices.

Gerhardsen: For the trade union movement, it is important that the government be willing to give employment guarantees. I also think it will be obvious to call for price guarantees. When we come to next year's mid-term adjustment, it is clear that it can be carried out more calmly if we know where we stand on employment and prices.

12789/9312
CSO: 3639/137

ECONOMIC

NORWAY

BRIEFS

FIRST LOAN SINCE 1980--Norway's first foreign loan of \$500 million was fairly well received on the Eurobonds market, despite some reactions to the fact that Norwegian government bonds produce a lower yield than comparable American bonds. The loan is at an interest rate of 7.25 percent and will be repaid by August 1991. When the interest terms have altered, Norway will be loaning at a rate of under 6 percent, but the loan is nevertheless much more expensive than the loans assumed by the state in the 70's because actual interest has doubled. [Text] [Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5] 12789/9312

BOTTOM PRICE FOR OIL--This week North Sea crude oil sold for under \$9 a barrel, a price which is lower than any seen in more than a decade. Earlier in the week the price climbed back over the \$9 mark, but that is a far cry from the strong upswing in price in the coming weeks which self-appointed experts have been betting on. A price of \$30 per barrel, like the one a half a year ago, not to mention the \$40 price in 1981, seems like a distant dream to people who benefit nicely from high oil prices--and who are now suffering with low prices. [Text] [Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5] 12789/9312

SURPRISING DROP IN KRONE--On Monday and Tuesday's currency market, the rate for Norwegian kroner dropped surprisingly, down to a price index of 111.70 after having remained steady at a price index of around 109.50 where it had been since this May's devaluation. The Bank of Norway had to intervene with a back-up purchase of over 2 billion kroner in order to bring the exchange rate back to a price index of about 110, where the central bank will maintain the krone for a while. The drop occurred against a combination of increased inflation, lower oil prices and warnings of the need for major cuts. [Text] [Oslo AFTENPOSTEN in Norwegian 19 Jul 86 p 5] 12789/9312

CSO: 3639/137

ECONOMIC

PORTUGAL

POVERTY SEEN AFFECTING ONE-THIRD OF NATION'S FAMILIES

Lisbon SEMANARIO in Portuguese 12 Jul 86 pp 35, 36

[Article by Maria Jose Costa Felix]

[Excerpts] Poverty is "one of the most serious problems in our country." But it seems that we are becoming accustomed to it. The poor, those excluded from society, are "the others..." Nevertheless, is it possible that we do not have something to do with it as well?

Thousands of Portuguese live "condemned to conditions incompatible with the most fundamental human rights: 34 percent of all men and 40 percent of all women live in 'absolute poverty;' In 'relative poverty,' the figures are 46 percent for men and 57 percent for women."

"The most tragic cause of the non-elimination of poverty is that it is not considered a serious national problem," affirms Manuela Silva and A. Bruto da Costa, who have dedicated themselves for several years to research in this field.

In a 1985 study among families considered "poor" according to 1981 statistics, it was found that "85 percent ate no better than 4 years previously and that 39 percent ate worse." In urban centers, the percentage of those who ate worse was almost half. For example, "31 percent never drank milk."

Nevertheless, when asked, "40 percent of the families in which monthly per capita income was 4,100 escudos stated they were not poor..." Besides "objective poverty," there is "subjective poverty"--feeling oneself to be poor. "Anyone can say they are poor..."

In the end, who really are "the poor?" And what can be done to help eliminate poverty?

"Poverty, despite being 'a structural phenomenon of Portuguese society,' only began to be truly discussed when, some 5 years ago, the so-called 'new poverty' began to arise..."

Rethinking Solidarity

Across three days, in one of the completely full auditoriums of the Gulbenkian Foundation in Lisbon, sociologists, economists and social workers presented their thoughts regarding this "persistent, ancient, generalized and diffused" phenomenon. Also presented were some small concrete examples of solutions put into practice.

At the head of the commission sponsoring the seminar was Joao Rebelo de Carvalho, president of SAOM (Assistance Service of the Order of Malta). "This seminar is aimed at creating a desire for change. All society has within itself the seeds of transformation."

Poverty in our country is without a doubt not a problem only of the present, but has presently taken on new proportions. Hence the need to alert all of society to the urgency of a greater joining of wills, efforts and abilities. "We must mobilize people in the areas in which they live, in order to organize their resources. Participation must be a determining factor," affirms Manuela Silva.

"Emergency measures will not put an end to this state of things. Poverty and the poor are not the detritus of society. They absorb tensions and conflicts in the interior of society itself. They serve the function of a mirror."

One-Third of Portuguese Families are Poor

"The best known poverty is that which manifests itself in the form of a clear need," says Acacio Catarino. "The so-called 'indigents.' But there is also 'inclusive poverty'--which includes all those who are declining in standard of living." There is much "embarrassed poverty" today in Portugal.

Over the last few years, to the "traditional poor" have been added the "new poor"--perhaps they have adequate housing...they probably have a certain level of education and some professional skills...but they are particularly affected by the current crisis: unemployment, salaries in arrears, the insolvency of certain firms, inflation...

"They are one of the by-products of the process of industrial restructuring which the modern capitalist system is passing through," explains economist Manuela Silva.

Employment problems, as well as the lack of education, generate poverty, and vice versa.

States Acacio Catarino: "In February of this year (1986), 377,000 people were competing for 4,000 available jobs. Chronic unemployment especially affects young people--more than 22 percent--but, even in relation to the general population, it affects more or less 8 percent. And future estimates tend to grow considerably. Some 13 percent of all workers have

short-term contracts. More than a million people in Portugal are under-employed--especially in terms of productivity. At least 400,000 find themselves in the, let's say, 'informal' sector of the economy..."

In 1981, half the Portuguese population was constituted of families who lived in "relative poverty"--which means an average annual per capita income of less than some 80,000 escudos. (For 29 percent of those families, annual income was less than 50,000 escudos!)

This occurs primarily "in the interior regions, the northern coast, the Alentejo, rural areas and in localities with less than 500 inhabitants, and in "either large or small families" (not those of medium size).

The people "most exposed to the risk of poverty were women, young people, elderly workers, emigrants and indifferent workers." And the most heavily affected professions were "small business owners, small farmers, agricultural workers employed by other parties and laborers."

There are poor in rural and urban sectors, in families whose head of household works and in those in which he does not, in all age groups, in all professional categories, and in the different geographic regions.

Poverty by Inheritance

It is not only in Portugal that "in the 80s the number of poor is greater than it was in the 70s." This is occurring all over Europe. It is just that--perhaps because of a curse--it seems that we have a tendency to face poverty "fatalistically," or else as an "exception." We have a tendency to ignore it, creating a type of utopia in which it disappears, or passively conforming ourselves to the state of things.

Thousands of Portugueses are excluded from society from the very moment they are born. They inherit a lack of health and education, and difficulty of access to everything. To be born and raised in a poor family is a situation which is difficult to overcome--"a situation of exclusion."

Even before being born, the thousands of Portuguese who constitute those "others" to which we are becoming accustomed in a more or less fatalistic, passive and indifferent manner, are "poor by inheritance."

In the 1985 study by Manuela Silva and A. Bruto da Costa, "three out of four poor claimed to be the offspring of poor people. Almost 50 percent had started to work before the age of 10. Three percent of all children of that age did not eat breakfast. In the rural areas, 39 percent of them did not receive any food supplements at school; In the urban centers, that figure climbs to 59 percent. Among adolescents between 12 and 14 years of age, 17 percent already held some type of job..."

"Portugal Thinks of Itself as a Poor Country"

Micael Pereira calls attention to the image that we Portuguese have of our country: "a poor country--and not only in the sense of 'material poverty.'"

He explains: "We live with a traumatized identity--the past and distance (both in space and in time) constitute the field of our existence. It is necessary to recover our identity here in Portugal--not only as a nation, but also as people and institutions."

He also refers to the "other vector that defines us and that has much to do with poverty: The interior of the country still lives at the margin of the economic and social transformations of industrialization--which does not occur on the coast. There, there is greater material poverty but there are also community institutions which balance self-sufficiency."

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CSO: 3542/147

ECONOMIC

PORTUGAL

UNEMPLOYMENT: 10 PERCENT FORESEEN WITH INFLATION DROP

Lisbon TEMPO ECONOMICO in Portuguese 1 Aug 86 p 5

[Article by Ilidio Barreto]

[Text] This year's unemployment rate should be about 10 percent if the job market grows by the expected 1 percent and the number of people seeking jobs remains stable. The government's shift in emphasis toward fighting unemployment will be hard put to achieve a better performance given that the Portuguese economy's fever (inflation) is under control. All despite the fact that until now, it has been consumption and not investment that has been sustaining recent growth at a rate that no one knows.

From January 1985 to March 1986, inflation slowed considerably and the process has continued until now. The unemployment rate, however, went in the other direction (see graph). It went from 10.9 percent in the first quarter of 1985 and decreased during the following 6 months. It finally went up again the following quarter until it reached 11.1 percent in the first quarter of 1986 (the last quarter for which we have data).

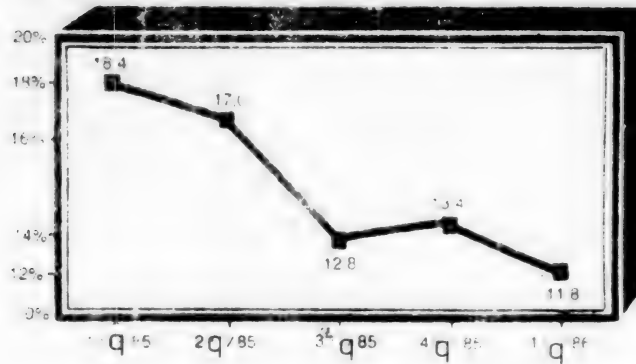
Based on the changes in inflation and unemployment, we came up with an internationally used indicator that gives us an idea of the joint performance of these two indicators. It is the misery index.

According to this indicator (which gives equal weight to inflation and unemployment), we can conclude that the overall results show a positive tendency up to the third quarter of 1985. Until this time there was a downward movement in the misery index. There was a decline in the fourth quarter of 1985 with the improvement in inflation not fully compensating for the increase in unemployment. Favorable progress was again made during the first quarter of 1986 when there was a marked slowdown in price increases that more than compensated for the slight increase in unemployment.

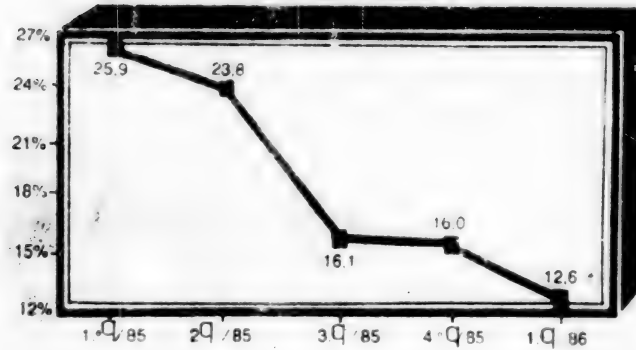
The Inflation-Unemployment Rule

As we noted, the misery index gives equal consideration to inflation and unemployment. This means that the economic agent and the economy as a whole are indifferent to a one percentage point decrease in unemployment or inflation. Now, this is not always so. In the first place, lowering the

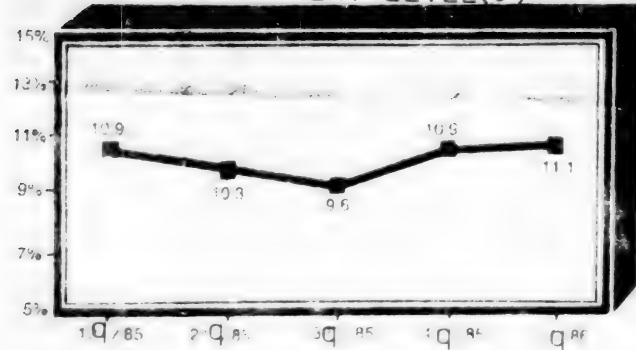
MISERY INDEX (1)



INFLATION (2)



UNEMPLOYMENT LEVEL (3)



- (1) Inflation rate + unemployment rate/2
- (2) Inflation rate for last 12 months
- (3) Unemployed population/active population

unemployment rate from 15 to 14 percent is not the same as lowering it from 4 to 3 percent. The level at which these rates intersect is decisive. In the second place, the ideologic tenor of the person making the observation of the economy is also a factor (or used to be). Inflation to the more liberal carries greater importance while the more socialist observer emphasizes the fight against unemployment.

This question is valid. It is for this reason that more than a few people (or incidentally who they were) opposed the government's new emphasis on fighting inflation now and later concentrate on improving the level of unemployment.

Furthermore, there is an inverse relationship between unemployment and inflation (empirically shown by A.W. Phillips and Irving Fisher, two famous economists). There are higher inflation rates associated with low unemployment and vice versa. This is the rule. However, there can be exceptions to it and these, as a matter of fact, have been reasonably theorized.

The accompanying graphs show the 9 months between July 1985 and March 1986 as following the rule while the previous 6 months did not.

Unemployment at 10 Percent

In the same way that an oil shock or a drought can produce noticeable stagflation (more inflation and more unemployment) a counter oil shock (such as the current one) can also lead us to expect a disinflationary process accompanied by a large enough expansion that will reduce unemployment. This process temporarily eliminates the trade off between these two macro-economic problems. Of course, to achieve disinflation, supply side economic policies must be pursued to reduce production unit costs. This strategy's merits are strangely (or maybe not...) unknown to political analysts.

It is a pity that the merit of selection does not translate into implementation due to the nominal growth of wage costs and the delays in reducing social welfare contributions.

As a result, the change in priorities from inflation to unemployment could not be more opportune.

The problem is knowing at what point such a change will be successful, with 4 percent growth in gross domestic product, out of which 3 result from an increase in productivity and only one from the additional labor. This meager 1 percent increase in employment will only effectively reduce unemployment if the reduction in the number of working people that was noted at the end of 1985 is confirmed.

In the event there is no change in the working population through 1986, the one percent change will bring unemployment down to 10 percent. The larger the possible reduction in the active population, the smaller the unemployment rate there will be at the end of 1986 with the above rate of growth in employment.

Hiring Weakness

The latest available data on the labor market for the first quarter of 1986 shows that it is not the increase in unemployment that is worrisome. What is worse is that the level of employment for the second consecutive 6-month period dipped. It should be noted that an increase in unemployment does not necessarily correspond with a decrease in the employment level.

Since the active population decreased in the first quarter of 1986, it would suffice for the level of employment to have remained stable for unemployment to decrease.

This is the great weakness of the economy's employment capacity. One that appears to us to be the most serious and it may even suggest that we may put in question any possible economic growth during the beginning of 1986.

In terms of employment structure, workers with temporary contracts now represent 13.2 percent of the working population (see chart). This figure represents a decrease of almost 37,000 people who had these contracts between the fourth quarter of 1985 and the first quarter of 1986. The change for the last 15 months (with known data) has been in the successive increases and decreases in the relative number of temporary workers who have always represented more than 12 percent of the total.

This exacerbating inclination toward short term contractual agreements in the Portuguese labor market is unequivocally due to current labor legislation. As the recently published OECD report on Portugal indicated, "It is almost impossible to dismiss workers with permanent contracts." The term contracts act as one of the "escape valves" in the rigid labor regulations. Another of these extraordinary valves is the unexplicable salary in arrears.

Labor Rigidity is Unjust

It is precisely the labor market rigidity that causes unemployment to be concentrated among the most susceptible social groups: the young and women (see chart).

Since this market's conditions are rigidly framed by administrative regulations, the real cost of labor ends up being higher than the firms' expected marginal productivity. This leads to the exclusion of people who the employers feel are less capable. Young people represented more than half of the unemployed during the last 15 months. For the last quarter of 1985 the number of unemployed young people accounted for 54.8 percent of the unemployed population and for 50.2 percent of the unemployed during the first quarter of 1986.

On the other hand, if we consider sex, we note that women are most affected by unemployment. Women have represented about 60 percent of the total unemployed since the beginning of 1985.

EMPLOYMENT STRUCTURE

	1st Quarter 1985	2nd Quarter 1985	3rd Quarter 1985	4th Quarter 1985	1st Quarter 1986
Change in No. of employed	-0.9%	+0.8%	+1.6%	-2.2%	-1.1%
Self employed	25.9	26.4	26.6	25.9	24.5
Total employed					
Work for others	74.1	73.6	73.4	74.1	75.5
Total employed					
Temporary workers	11.9	13.8	12.8	14.3	13.2
Work for others					

UNEMPLOYMENT STRUCTURE

	1st Quarter 1985	2nd Quarter 1985	3rd Quarter 1985	4th Quarter 1985	1st Quarter 1986
Unemployed					
-Youth/total	52.5	51.5	54.7	54.8	50.2
-Women/total	59.4	61.1	59.2	60.1	59.5
Long-term unemployed % of total	41.5	40.7	45.2	44.5	42.4

Long term unemployment, which is made up by those who have been unemployed for more than 1 year and are searching for work is considerably high: between 40 to 45 percent of the people who were unemployed during the 15-month period considered. The situation is slightly worse among those people who seek their first job. Among these people, almost half has been searching for a job for more than 1 year. These figures show the dangerous nature of unemployment: there is little rotation among a large slice of unemployed people.

It is certain that only with a significant amount of investments, to renew and enlarge the productive structure, can there be a continuous decrease in unemployment. It is known that that type of investment effort was not made at the beginning of the year.

Many people have been astonished by the lack of an investment response to today's good economic environment. Perhaps they have forgotten that businessmen include risk factors and uncertainty in their management decisions. These factors cause a real increase in the required return before they can be undertaken. One important risk factor is the political-electoral element which remains negative. A majority of opinion makers are predicting weekly that this government will fall by the end of the year.

EMPLOYMENT BY SECTOR

Employed Population	1st Quarter 1986
Primary sector:	
-Number (thousands)	869.4
-% of total	21.7
Secondary sector:	
-Number (thousands)	1346.9
-% of total	33.6
Tertiary sector:	
-Number (thousands)	1785.4
-% of total	44.7
Total	
-Number (thousands)	4003.1

In addition, we cannot ignore that the levels of productive capacity utilization in the Portuguese economy were very low and there were large amounts of inventory. Since there was still a reasonable amount of capacity available to permit an increase in supply, any increase in demand (above all domestic) was sufficiently met by available supply.

It is also interesting to note that the increase in economic activity that occurred during the first months of the year was fomented by increased consumption more than by investment.

This flies in the face of the (correct) strategy announced by our government.

9935/12379
CSO: 3542/140

ECONOMIC

PORTUGAL

DETAILS GIVEN ON EMPLOYMENT RISE, DROP

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Aug 86 p 5

[Text] The Labor Ministry's statistics department published a quarterly report based on a sample study that reveals a 0.3 percent drop in employment in continental Portugal for the period between December 1985 and March 1986.

During that period, the largest reductions in employment occurred in the fishing industry (11.8 percent drop), the tobacco industry (9.8 percent drop), the beverage industry (2.2 percent drop) and retailing (1.1 percent drop).

The best results for this same period were obtained in the footwear industry (3.8 percent increase) and in public utilities and the garment industry (1.5 percent increase).

According to the ministry's data, there has been a 6.7 percent decrease in employment in continental Portugal since December 1983, with construction and public works showing a 27 percent decrease in the number of jobs from then until March 1986.

Between December 1983 and March 1986, there was a 13.5 percent decrease in the number of people employed in metalworking, machinery and vehicles. Employment decreased by 10 percent in graphic arts, 9.1 percent in transportation and communications, 8.6 percent in retailing and 8.3 percent in the tobacco industry.

Six industries showed an increase in the number of job openings during that period: footwear 22.1 percent, garment industry 11.9 percent, utilities 10.3, and others by less than 1 percent.

The report also indicates that in March 1986 staff positions represented 87.2 percent of the total while temporary workers filled 12.5 percent of the jobs. However, approximately two out of three new people hired (64.2 percent) during the first quarter were temporary workers.

During the first quarter, four out of five people hired in the garment industry, lumber and cork industry, food processing and beverages, construction and public works, plastics, and fisheries were temporaries.

The number of temporary contracts made in March 1986 was higher in construction and public works (36.8 percent), footwear (25.1 percent), the garment industry (23.7 percent), and restaurants and hotels (23.7 percent).

MILITARY

EUROPEAN AFFAIRS

BRIEFS

FRENCH-SPANISH TANK STUDIED--The Spanish Defense Minister, Narciso Serra, and his French counterpart, Andre Giraud, discussed the possibility of increasing cooperation between the two countries regarding armament on Saturday, 6 September, in Toulon (Var). One of the subjects discussed was the joint construction of a new combat tank, developed from the Leclerc program in France. Spain already has French-designed but Spanish-built AMX-30 tanks in its arsenal. It also has Mirage III and Mirage F-1 combat planes, Aerospatiale helicopters, and anti-aircraft Roland missiles. It also produces conventional-powered Daphne-type attack submarines under French license. [Text] [Paris LE MONDE in French 9 Sep 86 p 12] /7358

CSO: 3519/245

MILITARY

FINLAND

FINNS AND SECURITY POLICY: BOOK REVIEW

Helsinki HELSINGIN SANOMAT in Finnish 15 Aug 86 p 25

[Review by Pertti Joenniemi of book "Suomalaiset ja turvallisuuspolitiikka" [Finns and Security Policy], National Defense Information Planning Committee, 1986]

[Text] Books published in defense administration circles are not generally subjects of conversation and the material in them is not treated problematically. Citizens are seen in them primarily as objects of edification.

The National Defense Information Planning Committee has deviated slightly from its traditional pattern. In honor of its 10 years of work it has published a book, which inevitably brings to mind the controversial book "Kuusi päivää kansalaisajattelua" [Six Days of Public Thoughts] published in the 1960s. Even some of the writers are the same.

The commemorative book does not, however, have a very clear point of reference and line. A kind of common thread appears from the fact that the attitude of Finns toward defense questions and changes in public views are presented in several of the book's articles. This supplements the objective of edification characteristic of such organs as the planning committee.

The development of public opinion apparently causes some kind of quivering at the highest level of defense policy since articles on national defense responsibility and the position of the individual, the attitude of women toward compulsory military service, and conscientious objection are included. In one section of the book Major Pentti Suominen assessed the peace movement, and Matti Ruokola, a representative of the peace movement, gives an account of the movement's attitude toward Finland's security policy. However, a decent dispute on the treated subjects cannot be found.

Army's Roots Are In The Land

Also the development of the public's set of values with respect to security policy does not give cause for concern. Erik Allardt indicates that the defense forces here represent a thoroughly national institution. Its roots are in the land, in the peasant culture, and they continue to be strong. Markku Haranne, for his part, confirms that the majority of the public continues to

have a positive attitude toward defense on the basis of studies of opinion polls. The insecurity, uncertainty, and feeling of helplessness experienced by the public are reflected as support for defense policy. There continues to be trust in security officials and it is hoped that they will protect them against the world.

The future causes some feelings of uncertainty. Erik Allardt states somewhat concerned that peasant skills and a form of life that has continued for a rather long time are disappearing even in Finland. Finland is presently a typical Western European society with respect to its commercial and industrial life. Are the roots of our security policy values thus withering away and is the structural basis of formulating an attitude being shaken? Allardt's treatment of the subject leaves the answer completely open.

Pertti Suhonen continues from where Allardt's discussion leaves off: the security thinking of Finns is, indeed, changing. Quantitatively, the high value placed on security remains the same -- it has not declined as has sometimes been suspected -- but attitudes are acquiring new nuances with respect to content.

The results of the most recent polls give Suhonen cause to talk about a definite division in security policy thinking.

The views of the older generation are colored, according to the results obtained, by such a weapons oriented security thinking which emphasizes the importance of freedom and a good livelihood. Independence is a value above all others, and it is achieved by making armed readiness more effective -- not by disarmament, peace work, or by such means as civil resistance.

Security Is International

The views of the younger generation are characterized by a concept of a cooperative oriented security. The threat of total destruction and the idea that the only salvation is to eliminate the danger of war lie in the background of this thinking. Armament is felt to be wrong and insufficient. Peace is an indispensable condition for security, and as a value it belongs to the same group as equality, the elimination of hunger, and the aspiration to keep nature uncorrupted. In this era of nuclear weapons security problems are not seen so much as a national issue, but, above all, as an international issue.

In her own article Lea Pulkkinen adds to the observations the information that in addition to age, gender also seems to have a significant influence on security policy attitudes. Women are more concerned than men about the possibility of a war and consider a nuclear conflict the most probable form of warfare. Aged men and young women are clearly two mutually separate groups in many security policy questions. Their goals and values are significantly far apart from each other.

The views of younger women seem to mirror Pulkkinen's views. Thus she talks about the development of the world situation at a time when the technical level of the weapons of mass destruction threatens the future of mankind.

In her opinion, there has appeared a gulf in humanity over which a bridge can be built by making people aware. The mere communication of information is not sufficient, but common values and goals are needed.

It is not unfounded to assume that in Pulkkinen's opinion the challenge of communication is aimed at the older generation, especially men.

Rapprochement by Old Conditions

The planning committee itself would also like to build a bridge across the differences in views, but it is beginning completely from the other end. It is trying to bring attitudes closer together on the conditions of weapons oriented security views. In the preface to the commemorative book it states, rather softly, that the objective is to create the bases for understanding present security policy and -- note! -- for endorsing it. It is also self-evident that a weapons oriented element is part of it.

Concluding from the observations made by Allardt, Suhonen, and Pulkkinen the task will be demanding. The planning committee -- and more generally defense policy leadership -- will be faced with a difficult struggle against changes in values brought about by time and social development.

In his article Ralf Friberg discusses the challenges of the mass media and communication with an equal amount of tension. In a discussion observing the best traditions of public influence he draws attention to the fact that even here the media must function more in accordance with the conditions of a public society and not public power. Journalism has become independent with respect to the decision-makers, it has become more skeptical and superficial. So-called foreign policy responsibility is not included in the media as readily as it has been previously, noted Friberg.

The problems are hidden and rise to the surface in particularly surprising situations demanding rapid communication. We have already had a foretaste of such crises, but the real tests are still ahead in his opinion. Friberg urges the decision-makers and officials to adopt a more visible and active appearance. The initiative with respect to communication must be retained by us so that we are not trampled by the more clever, he demands.

1986 And All Is Well

Friberg educates the educators by stating that somewhere deep down a change in values and attitudes is taking place. An ardent listener of rock radio, a reader of underground newspapers, or an eavesdropper on discussions by secondary school students could get to its roots. An understanding of another kind of reality could be obtained by such a network.

Thus Friberg clothes in words a phenomenon which several of the book's authors have not yet observed at all. He thinks that the possible rupture of security policy between generations is still ahead of us and he clarifies his view by the fact that it is 1986 and all is still well in the republic. The National Defense Information Planning Committee's book shows that such a concept is, for the most part, correct.

MILITARY

SWEDEN

SWEDISH PAPER ON NATO VIOLATIONS OF COUNTRY'S AIRSPACE

LD111347 Moscow TASS in English 1338 GMT 11 Sep 86

[Text] Stockholm, 11 Sep (TASS)--Sweden has enhanced the readiness of its armed forces deployed along the country's western coast. The measure was adopted, GOETEBORGS-POSTEN reported, following the violation of Sweden's air space by NATO combat planes engaged in the major maneuvers of the North Atlantic Alliance currently under way in southern Norway.

This measure implies that the Swedish Navy and Air Force are enhancing observation and control over the border, primarily in Bohuslan Province.

According to Jan Tyninger, a spokesman for the Swedish Defense Headquarters, the exact number of violations had not as yet been determined. The point at issue was the intrusion of NATO, most likely American, planes into Sweden's air space on five occasions.

Swedish fighter planes took wing several times over the past few days to intercept NATO planes. NATO exercises should be conducted outside the 12-mile border of the country's territorial waters, GOETEBORGS-POSTEN emphasized. The U.S., however, recognized the boundary to pass for nautical miles from the shoreline.

From time to time, the paper said, the U.S. carried out a so-called harmless passage in the region between the 4- and 12-mile boundaries. Each time, Sweden denounced such actions.

The newspaper said one could not rule out the possibility that after the country's defense headquarters carried out a more detailed analysis of the violations, Sweden would lodge a protest with the U.S. via diplomatic channels.

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CSO: 3600/36

ENERGY

AUSTRIA

INCREASED ENERGY COOPERATION WITH USSR DISCUSSED

AU051105 Vienna WIENER ZEITUNG in German 5 Sep 86 p 8

[Text] Increased exchange of electricity between the Soviet Union and Austria would provide a concrete basis for widespread business activity for Austrian companies in the USSR. This was stated by Yevgeniy Petrayev, head of the Soviet Central Power Administration [Zentraler Lastverteiler], in Warmbad-Villach on Wednesday [3 September] on the occasion of the fifth annual session of the Energy Working Group in the Austrian-Soviet Commission.

According to Walter Fremuth, director general of the Austrian Federal Power Company, they discussed an increase in the electricity exchange (Austrian summer electricity in exchange for Soviet winter electricity). The possibility of buying electricity from the USSR and getting (cheaper) power for pump-fed power stations, such as Kaprun or Malta, was also discussed.

If the electricity exchange is increased, another direct current close coupling unit will be built in Vienna-Oberlaa at a cost of about 1.3 billion schillings — in addition to the one already in existence in Duernrohr, Fremuth said. This coupling unit could be completed by 1991.

In addition, an agreement is planned according to which Austria will provide "fast reserves" and the USSR "slow reserves." This is because Austria has a relatively high capacity of storage power while the USSR has a higher power plant potential.

The Soviet side also broached the idea of a "heavy" direct current line (at a voltage of 400 to 500 kilovolts) to Austria which could reduce line losses.

The possibility of power transit via Austria to Yugoslavia, Italy, Switzerland, and the FRG was also discussed. In this case, Austria would not only benefit from the transit fees but also from a higher safety system for its own network.

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CSO: 3620/816

ENERGY

FINLAND

OIL CONSUMPTION DECLINED THREE PERCENT IN YEAR

Helsinki HELSINGIN SANOMAT in Finnish 11 Aug 86 p 24

[Article: "Oil Consumption Declined 3.1 Percent in Year"]

[Text] Oil consumption in Finland fell off by 3.1 percent in the last 12 months according to the statistics of the Petroleum Association. In addition to deliveries to the domestic consumer, the so-called bunkers or deliveries for the use of foreign transportation as well as the net consumption of Neste's plants were taken into account in consumption.

The sale of gasoline increased 7.5 percent from June 1985 to June 1986. The increase in sales this year was caused by the temporary increase in the use of private motor vehicles due to the civil service strike.

The sale of diesel oil increased 4.6 percent. Consumption dropped off significantly at the beginning of the year because of the weak market development in industry and construction, states the Petroleum Association.

During the period under examination the sale of light fuel oil remained at approximately the same level as in the previous corresponding period, the decline was 0.5 percent. When the effect of temperature deviations and supply changes are eliminated, the reduction in trend consumption is approximately 2 percent.

The domestic sale of heavy fuel oil declined 8.8 percent. Temperature differences as well as changes in supplies held by the consumer affect the statistics in this instance also. The supply of heavy fuel oil stockpiled by consumers decreased in the spring and summer of 1986 as buyers awaited the elimination of the so-called import fund allowance included in the price of heavy fuel oil. It is estimated that the trend consumption of heavy fuel oil declined by approximately 7 percent.

The consumption of motor fuel declined the most or by more than 20 percent. It is expected that its use in highway traffic will cease completely within a few years.

The consumption of natural gas increased 7.1 percent during the period under examination.

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